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IN THE

Supreme Court of the United States

OCTOBER TERM, 1995

R.J. REYNOLDS TOBACCO COMPANY,
PHILIP MORRIS INCORPORATED,
BROWN & WILLIAMSON TOBACCO CORPORATION,
LIGGETT GROUP, INC.,
LORILLARD TOBACCO COMPANY,
THE COUNCIL FOR TOBACCO
RESEARCH - U.S.A., INC.,
AND THE TOBACCO INSTITUTE, INC.

Petitioners,

v.

THE STATE OF MINNESOTA,
BY HUBERT H. HUMPHREY, III,
ITS ATTORNEY GENERAL,
AND BLUE CROSS AND BLUE SHIELD OF MINNESOTA,

Respondents.

Petition for a Writ of Certiorari to the Supreme Court of Minnesota and the Court of Appeals of Minnesota

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PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

I. Does a court violate due process when it grants opposing counsel access to extensive non-evidentiary computer databases created by lawyers in anticipation of litigation, when those databases are clearly protected from disclosure by the work product rule?

II. Does the compelled, uncompensated disclosure to opposing counsel of non-evidentiary computer databases, which were created at great expense and with the reasonable expectation that they would be protected against disclosure under the work product rule, amount to an unconstitutional taking of property without just compensation?

PARTIES TO THE PROCEEDINGS

The parties to the proceedings in the Minnesota Court of Appeals and the Minnesota Supreme Court were R.J. Reynolds Tobacco Company; Philip Morris Incorporated; Brown & Williamson Tobacco Corporation; Brown & Williamson Tobacco Corporation as successor to American Tobacco Company; Lorillard Tobacco Company; The Council for Tobacco Research — U.S.A., Inc.; The Tobacco Institute; Liggett Group, Inc.; the State of Minnesota, and Blue Cross and Blue Shield of Minnesota.

Petitioner R.J. Reynolds Tobacco Company ("Reynolds") is wholly owned by RJR Nabisco Inc., which, in turn, is wholly owned by RJR Nabisco Holdings Corporation. Reynolds has the following partly owned subsidiaries: AO ISMA; AO Vostanovienniy Tabak; China-American Cigarette Company Ltd.; Modi RJR Ltd.; R.J. Reynolds-Da Nang Tobacco Co. Ltd.; R.J. Reynolds/M.C. Tobacco Co. Ltd.; R.J. Reynolds Tobacco - Kazakhstan; R.J. Reynolds Tobacco - Kremenchuk; R.J. Reynolds Tobacco - Lviv JSC; Reynolds Manufacturing (Bulgaria) Ltd.; Reynolds Manufacturing (Romania) SRL; RJR-Armavirtabak; Sunrise Biosystems, Inc; Tanzanian Cigarette Co.; RJR-Petro; R.J. Reynolds Tobacco (U.K.) Ltd.; R.J. Reynolds Tobacco (Poland) Ltd.; R.J. Reynolds Berhad; R.J. Reynolds Espana, S.L.; and R.J. Reynolds (Portugal) Empresa Comercial de Tabacos Ltd.

Petitioner Philip Morris Incorporated ("Philip Morris") is a wholly owned subsidiary of Philip Morris Companies, Inc. Philip Morris has no subsidiaries that are not wholly owned.

Petitioner Brown & Williamson Tobacco Corporation ("Brown & Willliamson") is a wholly owned subsidiary of BATUS Tobacco Services, Inc. Brown & Williamson's ultimate corporate parent is B.A.T. Industries, P.L.C. Brown & Williamson has no subsidiaries that are not wholly owned.

Petitioner Liggett Group, Inc. ("Liggett") is wholly owned by BGLS, Inc., which, in turn, is wholly owned by Brooke Group Ltd. Liggett has no subsidiaries that are not wholly owned.

Petitioner Lorillard Tobacco Company ("Lorillard") is wholly owned by Lorillard, Inc., which, in turn, is wholly owned by Loews Corporation. Lorillard has no subsidiaries that are not wholly owned.

Petitioners The Council for Tobacco Research - U.S.A., Inc. and The Tobacco Institute have no parents or subsidiaries.

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PETITION FOR WRIT OF CERTIORARI

R.J. Reynolds Tobacco Company, Philip Morris Incorporated, Brown & Williamson Tobacco Corporation, Liggett Group, Inc., Lorillard Tobacco Company, The Council for Tobacco Research - U.S.A., Inc., and The Tobacco Institute, Inc. respectfully petition for a writ of certiorari to review the judgments of the Minnesota Supreme Court and the Minnesota Court of Appeals in this case.

OPINIONS BELOW

The Order and Memorandum of the District Court for the Second Judicial District, Ramsey County, Minnesota, denying petitioners' motions for protective order and ordering the disclosure of certain portions of petitioners' litigation support databases, is reproduced at pages 4a-18a of the Appendix to this Petition ("Pet. App."). The Order of the Minnesota Court of Appeals, denying petitioners' original petition for writ of prohibition and/or mandamus, is reproduced at Pet. App. 2a-3a. The Order of the Minnesota Supreme Court denying petitioners' petition for review of the decision of the Court of Appeals is reproduced at Pet. App. 1a.

JURISDICTION

The judgment of the Minnesota Court of Appeals denying the petition for writ of prohibition was entered on December 26, 1995. The Minnesota Supreme Court denied discretionary review on February 29, 1996. The jurisdiction of this Court is invoked under 28 U.S.C. § 1257. *See Madruga v. Superior Court*, 346 U.S. 556, 557 n.1 (1954) ("The State Supreme Court's judgment finally disposing of the writ of prohibition is a final judgment reviewable here under 28 U.S.C. § 1257.").

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

This case involves the Fifth and Fourteenth Amendments to the United States Constitution. The Fifth Amendment provides in pertinent part:

> No person shall . . . be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.

U.S. Const. amend. V.

The Fourteenth Amendment provides in pertinent part:

> [N]or shall any State deprive any person of life, liberty, or property, without due process of law; . . . .

U.S. Const. amend. XIV, § 1.

Rule 26.02(c) of the Minnesota Rules of Civil Procedure is also generally relevant here and provides:

> (c) **Trial preparation: Materials.** Subject to the provisions of Rule 26.02(d) a party may obtain discovery of documents and tangible things otherwise discoverable pursuant to Rule 26.02(a) and prepared in anticipation of litigation or for trial by or for another party or by or for that other party's representative (including the other party's attorney, consultant, surety, indemnitor, insurer, or agent) only upon a showing that the party seeking discovery has substantial need of the materials in the preparation of the party's case and that the party is unable without undue hardship to obtain the substantial equivalent of the materials by other means. In ordering discovery of such materials when the required showing has been made, the court shall protect against the disclosure of the mental impressions, conclusions, opinions, or legal theories of an attorney or other representative of a party concerning the litigation.

Minn. R. Civ. P. 26.02(c) (1995).

STATEMENT OF THE CASE

This case presents issues of mounting importance in modern litigation: whether a trial court is constrained by the Due Process Clause and the Taking Clause of the Constitution from ordering one party to share its attorneys' computerized work product with the opposing party in the case. Lawyers are increasingly using computerized litigation tools in a variety of ways to more effectively represent their clients. This case concerns the use of computer technologies to assist lawyers in performing an old but vital task: organizing client documents that might be pertinent to claims against their client, and compiling information about those documents to assist in their retrieval and analysis. Lawyers and clients have created these databases of information about client documents confident in the expectation that, as non-evidentiary work product derived from documents that (to the extent not privileged) remain fully discoverable, they would be protected against disclosure under the work product doctrine. The decision below eviscerates that expectation by requiring petitioners to share such databases with respondents — without ordering any payment of compensation to those who spent millions of dollars to create and develop those databases.

* * *

Over the past two decades, these petitioners have been named as defendants in a growing number of civil lawsuits relating to the sale and use of tobacco products. In consultation with petitioners' employees, and at a total cost to petitioners in the tens of millions of dollars, petitioners' attorneys designed and developed computerized database systems for each of their clients. These databases consist of computerized records of both objective identifying information (*e.g.*, author, title) and subjective analysis and comments — compiled by or at the direction of petitioners' attorneys — referencing millions of documents selected by these attorneys from their clients' files. The documents referred to in the databases, while singled out by attorneys as potentially significant for pending and anticipated litigation, include many that have not even been requested in the present action. The

databases are used exclusively in the defense of litigation against petitioners; they are not used in the regular course of the petitioners' business. Access to these databases has been restricted to petitioners' attorneys and others working at their direction.

Respondents filed this lawsuit against petitioners in August 1994, seeking to recover the costs of providing medical care to insured and indigent smokers. During initial discovery, respondents learned of the litigation databases described above.

Respondents sought to obtain all of petitioners' databases in their entirety, arguing that the databases would assist them in organizing and analyzing the documents in the case. Respondents also argued that it would be costly and time-consuming for them to design and create their own database drawn from petitioners' documents.

In response, petitioners moved for protective orders on the grounds (1) that the litigation databases were created by counsel in anticipation of litigation and, as such, were work product protected from discovery under Minn. R. Civ. P. 26.02(c); (2) that any compelled disclosure of such databases to respondents would constitute a "taking" of petitioners' property in violation of the Fifth and Fourteenth Amendments to the U.S. Constitution; and (3) that any compelled disclosure of the databases would constitute so radical a departure from well-established work product protections as to violate petitioners' right to due process under the Fourteenth Amendment.

On November 1, 1995, without conducting the *in camera* hearing requested by petitioners, the trial court entered an order that granted in part and denied in part petitioners' motions for protective orders. Pet. App. 6a. The court agreed with petitioners that the databases were attorney work product, but nevertheless held that respondents were entitled to them (excepting only the subjective entries about each document). In support of its order, the trial court explained that the databases would be of considerable utility to respondents in litigating the case — and that respondents should not have to incur the time and

expense of creating their own databases of information on petitioners' documents:

> In this action, millions of documents must be reviewed to sieve the relevant documents from those that constitute the remainder of each party's universe of documents. Much of the reviewing has already taken place over the years by counsel for [petitioners] in response to prior claims.
>
> . . .
>
> . . . . Creation of a new and separate database identifying the nine million documents would be duplicative, time-consuming, and costly.
>
> Because of the enormous volume of documents which may be relevant to the issues of this complex action, there is substantial need to utilize whatever technology exists to efficiently sort and identify documents. There is no equivalent substitute for the databases at this time. Via use of existing databases, objective information can be produced regarding the millions of documents already entered onto the databases, without duplication of efforts and the accompanying delays and expenses.

Pet. App. at 15a-16a. The court did not address petitioners' constitutional arguments.

Petitioners filed an original petition for writ of prohibition and/or mandamus with the Minnesota Court of Appeals, seeking to enjoin the trial court from enforcing its order. Petitioners raised the federal constitutional questions presented here, as well as other issues. The Court of Appeals denied the petition without addressing petitioners' constitutional arguments. Pet. App. at 3a.

On January 25, 1996, petitioners filed with the Minnesota Supreme Court a petition for review of the decision of the Court of Appeals. They again raised the federal constitutional questions presented here. The Supreme Court denied this petition without comment on February 29, 1996. Pet. App. at 1a.

REASONS FOR GRANTING THE WRIT

The issue presented here — the judiciary's authority under the Fifth and Fourteenth Amendments to order a party to share its litigation tools with its opponent — has implications far beyond this case.

For any of three reasons, the decision may well have the practical effect of determining the discoverability of petitioners' litigation databases in many, if not all, of the hundreds of tobacco-related lawsuits pending in state and federal courts around the country. *First*, under the trial court's protective order, material disclosed in discovery, even if designated confidential, can be obtained by counsel in other lawsuits. In fact, the plaintiffs in *Castano v. The American Tobacco Co., et al.*, No. 95-30725 (5th Cir.) a putative class action in federal court in Louisiana on behalf of tens of millions of past and present smokers, are already invoking that decision in an attempt to obtain access to the databases. *Second*, federal and state courts, applying their own work product rules that are drafted much like the Minnesota rules, may rely on the decision below to order production of the databases. And *third*, parties may seek production of the databases in the future on the ground that, as a result of the decision below, petitioners could no longer have any reasonable expectation of privacy in them.

The impact of this decision will, moreover, reach well beyond tobacco litigation. Many other companies whose products or services are the subject of recurrent litigation have, like petitioners, invested large sums of money to create databases of information from documents that may be relevant to such litigation. Indeed, as one observer has noted, "[o]ver the past 10-15 years, computerized document retrieval systems have become commonplace in document-intensive litigations such as massive product liability and antitrust cases." William E. Cwiklo, *Image Management Systems in Litigation Support*, Legal Economics, Nov.-Dec. 1987, at 54; *see also* William E. Cwiklo & Sally J. Lockett, *Building Litigation Support Data Bases*, Legal Assistant Today, March-April 1994, at 92 ("Today, litigation

support databases are common in cases that involve thousands of documents.") Still other companies are considering whether to invest in such databases.

The decision below gives all of these companies cause for concern that they, too, could be ordered to turn over their litigation databases to their adversaries. Just as disclosure of written work product would mean that "much of what is put down in writing [by lawyers] would remain unwritten," *Hickman v. Taylor*, 329 U.S. 495, 511 (1947), disclosure of these non-evidentiary databases may well lead parties to abandon the databases, or not to create them in the first place. It would then become more difficult, time-consuming, and expensive for attorneys to identify relevent documents from a client's files and otherwise to represent their clients effectively. This would significantly impede the truth-finding process, to the detriment of courts and litigants alike. *See* C.J. Poirier et al., *Computer-Based Litigation Support Systems*, 54 UMKC L. Rev. 440, 456-57 (1986) (discovery of litigation support systems would diminish incentives to use such systems and reduce efficiency of litigation process).

I. THE COURT SHOULD DECIDE WHETHER THE DUE PROCESS CLAUSE BARS A TRIAL COURT FROM REQUIRING A PARTY TO TURN OVER ITS COMPUTERIZED LITIGATION DATABASES — CONTRARY TO THE WORK PRODUCT RULES AS UNIVERSALLY RECOGNIZED BY THE STATE AND FEDERAL COURTS — AND THEREBY PROVIDE SUBSTANTIAL ASSISTANCE TO ITS ADVERSARY IN LITIGATION

The order of the Minnesota trial court, which the state appellate courts left undisturbed, amounts to a retroactive nullification of the protection accorded attorney work product. This protection has long been recognized in the case law and rules of the federal and state courts, including the courts of Minnesota. In the circumstances of this case, the impact of that action is severe. At issue are computerized databases created by petitioners' attorneys, at a cost to petitioners of many millions of

dollars, for the sole purpose of defending their clients in litigation. These databases would never have been created if petitioners and their counsel had any reason to believe that the databases would not be protected from disclosure by the work product doctrine.[1]

Further, the Minnesota courts have ordered disclosure of such materials for no other reason than respondents' convenience: respondents want a database, like petitioners' databases, to organize and retrieve petitioners' documents, but respondents do not want to spend their own time or money to create such a database. The courts have thereby required petitioners to provide substantial assistance to their opponents — going far beyond full responses to legitimate discovery requests — in the preparation of the case against them. Under all the circumstances, including the likely impact of this order on other pending litigation in federal and state courts, petitioners submit that the action of the Minnesota courts deprives them of fundamental fairness and due process of law.

A. The Databases Are Clearly Protected Against Disclosure By The Work Product Doctrine

The protection of attorney work product was formally recognized by this Court in *Hickman* and was subsequently codified in Rule 26 of the Federal Rules of Civil Procedure and in the court rules or case law of every state, including Minnesota. It has deep roots in the common law. *See* W. Blake Odgers, *Principles of Pleading Practice and Procedure in Civil Actions in the High Court of Justice* 238 (3d ed. 1897); J. Anderson, *et al.*, *The Work Product Doctrine*, 68 Cornell L. Rev. 760, 766 (1983). This Court has recognized the protection of attorney work product to be a fundamental element of our adversary system. *Hickman*, 329 U.S. at 510-11. Minnesota Rule of Civil Procedure 26.02(c), like the federal rule and the rules of other states, provides, at a

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[1] No appellate court has ever, to petitioners' knowledge, upheld an order requiring the broad production of the type of work product at issue here.

minimum, for protection of material prepared in anticipation of litigation absent a showing of "substantial need" and an inability "without undue hardship to obtain [it] by other means." *See Dennie v. Metropolitan Medical Center*, 387 N.W.2d 401, 406 (Minn. 1986).

The compelled disclosure of petitioners' databases is unjustifiable under this rule. The trial court reasoned that the disclosure should be compelled because "the masses of information on the database can be selected, accessed, and located more quickly and accurately by computer," and creation of a new database "would be duplicative, time-consuming, and costly." Pet. App. at 16a. But such a standard would be met whenever one party has gone to substantial expense and effort to develop useful litigation tools. A well-designed database drawn from one party's significant documents is always going to be convenient and helpful to the opposing party in "select[ing], access[ing], and locat[ing]" information. And the larger and more complex the body of material referenced in the database, the more "time-consuming and costly" it will be to create a practical equivalent. Accordingly, the court below has enunciated a standard that, if applied consistently, would eliminate the work product protection for all computerized litigation databases.

The obvious error of the decision below is in its interpretation of the "substantial need" requirement under the work product doctrine. As stated in *Hickman*, an attorney's work product may be discovered only if it consists of "facts . . . *essential* to the preparation of one's case." 329 U.S. at 511 (emphasis added). The showing of need must be particularized, not general in nature. *United States v. Chatham City Corp.*, 72 F.R.D. 640, 644 (S.D. Ga 1976). A party's conclusory allegations that it would be burdensome to obtain the material by other means do not suffice. *United States v. Lipshy*, 492 F. Supp. 35, 47 (N.D. Tex. 1979). In *Hickman*, the Court recognized that, in some circumstances, work product containing facts that are otherwise unavailable — *e.g.*, the statement of a witness since deceased — might be discoverable upon a sufficient showing of substantial need. 329 U.S. at 511. But where the relevant evidence is

otherwise available, the work product doctrine bars production of an attorney's trial preparation material. *E.g.*, *Rauh v. Coyne*, 744 F. Supp. 1181, 1185 (D.D.C. 1990) (no substantial need for interview papers where plaintiffs have option to question all witnesses themselves). Clearly, the "substantial need" requirement is not met where, as here, the disputed material does not even contain potential evidence, but is rather a tool for working with a body of discoverable and non-discoverable documents.

Nor does any claimed disparity in the parties' resources justify the abrogation of work product protection. The Court in *Hickman* explained:

> [F]raming the problem in terms of assisting individual plaintiffs in their suits against corporate defendants is unsatisfactory. Discovery concededly may work to the disadvantage as well as to the advantage of individual plaintiffs . . . . And we must view the problem in light of the limitless situations where the particular kind of discovery sought by petitioner might be used.

329 U.S. at 507; *see also Schlagenhauf v. Holder*, 379 U.S. 104, 113 (1964) ("Issues cannot be resolved by a doctrine of favoring one class of litigators over another").

B. The Retroactive Refusal To Recognize The Work Product Protection Affects Interests So Fundamental As To Amount To A Violation Of Due Process.

The compelled disclosure of the litigation databases at issue here goes to the heart of the concerns on which the work product protection is based. In *Hickman*, this Court explained that work product protection is vital to a lawyer's effective representation of a client in litigation:

> [I]t is essential that a lawyer work with a certain degree of privacy, free from unnecessary intrusion by opposing parties and their counsel. Proper preparation of a client's case demands that he assemble information, sift what he considers to be the relevant from the irrelevant facts, prepare his legal

> theories and plan his strategy without undue and needless interference.

Id. at 510-511. Where efforts undertaken in preparation for litigation are subject to disclosure to one's adversary, the "attorney's thoughts . . . [are not] his own." *Id.* at 511.

A court's denial of work product protection — especially in circumstances where, as here, such protection clearly applies — has a devastating impact on litigants. Materials prepared at substantial expense, in preparation for litigation and in reliance on the established rule, thus become subject to use by opposing parties. An order to disclose a party's litigation tools invades the zone of privacy so necessary for parties to evaluate fully their positions and perform effectively in litigation. *Jordan v. Department of Justice*, 591 F.2d 753, 775 (D.C. Cir. 1978) (en banc) (the purpose of the work product rule is "to encourage effective legal representation *within the framework of the adversary system* by removing counsel's fears that his thoughts and information will be invaded by his adversary"), *overruled in part on other grounds, Crooker v. BATF*, 670 F.2d 1051 (D.C. Cir. 1981) (en banc). Equally seriously, when a party's litigation tools must be made available to its opponents, the party is conscripted to aid its opponents in prosecuting their claims.

The ruling of the trial court is thus in the nature of a retroactive change in the law affecting important interests. Such changes are "not favored in the law" when they are made by a legislature. *Bowen v. Georgetown Univ. Hosp.*, 488 U.S. 204, 208 (1988). The Ex Post Facto Clauses, U.S. Const. art. I, § 9, cl.3, § 10, cl.1, flatly prohibit the retroactive imposition of criminal liability, and the presumption is very strong that a civil statute was not meant to act retrospectively. *Landgraf v. USI Film Products*, 114 S.Ct. 1483, 1505 (1994). This Court has recognized that, while judicial decisions ordinarily apply retroactively, ex post facto and due process concerns may, in an appropriate case, constrain a court from retroactively applying a radical new construction of a statute. *See, e.g., Bouie v. City of Columbia*, 378 U.S. 347, 353-54 (1964) ("If a state legislature is

barred by the *Ex Post Facto* Clause from passing [a law that would retroactively expand criminal liability], it must follow that a State Supreme Court is barred by the Due Process Clause from achieving precisely the same result by judicial construction."); *see also Marks v. United States*, 430 U.S. 188, 191-92 (1977).

The state courts' wholesale rewriting of the rules of procedure in the middle of a major lawsuit also raises such concerns. "[T]raditional practice provides a touchstone for constitutional analysis." *Honda Motor Co. v. Oberg*, 114 S.Ct. 2331, 2339 (1994) (citing *Murray v. Hoboken Land & Improvement Co.*, 59 U.S. (18 How.) 272 (1856); *Tumey v. Ohio*, 273 U.S. 510 (1927); *Brown v. Mississippi*, 297 U.S. 278 (1936); *In re Winship*, 397 U.S. 358 (1970); *Burnham v. Superior Ct. of Calif.*, 495 U.S. 604 (1990); *Pacific Mut. Life Ins. Co. v. Haslip*, 499 U.S. 1 (1991)). The "abrogation of a well-established common law protection against arbitrary deprivations of property raises a presumption" that due process is violated. *Honda Motor Co.*, 114 S.Ct. at 2339. Accordingly, when a court alters a longstanding and universally-recognized protection against disclosure of trial preparation materials in which one side has invested many millions of dollars, a significant due process issue is presented.

Further, in the unique circumstances of the smoking and health litigation pending in many courts across the country, the effects of the Minnesota courts' action go far beyond this case. Because the trial court's standing protective order in this case provides a mechanism by which these databases may be shared with counsel in hundreds of cases pending in state and federal courts throughout the country,[2] the resulting denial of fundamental

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[2] The probable impact of the Minnesota courts' resolution of this issue upon the litigation of cases pending in federal court is an important additional consideration calling for review by this Court. Among the smoking and health lawsuits pending in federal court are *Castano v. American Tobacco Co., et al.*, No. 95-30725 (5th Cir.) (appeal of class certification order); *Commonwealth of Massachusetts v. Philip Morris,*

fairness must be viewed as transcending the boundaries of this case. This Court's attention is therefore commanded by the need to correct an error of constitutional proportions, which is otherwise likely to infect the course of litigation involving an entire industry for years to come.[3]

II. THE COURT SHOULD DECIDE WHETHER THE TAKING CLAUSE BARS THE COMPULSORY AND UNCOMPENSATED SHARING WITH AN OPPOSING PARTY OF NON-EVIDENTIARY LITIGATION TOOLS DEVELOPED AT GREAT EXPENSE SOLELY FOR USE IN LITIGATION

The trial court's order requiring petitioners to turn over their multi-million-dollar litigation databases to respondents, their adversaries in this litigation, effects an uncompensated "taking" prohibited by the Fifth Amendment. This conclusion is compelled by *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986 (1984), which held that information that a party has developed at great expense and kept confidential from others is "property" that cannot, consistent with the Taking Clause, be appropriated without compensation.

It is also supported by federal and state case law and court rules that protect from discovery the work product created by lawyers for the sole purpose of more effectively representing their clients in litigation. *Hickman*, and the subsequent case law and

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Inc., et al., Civ. Action No. 96-10014-GAO (D.Mass.), and *State of Texas v. The American Tobacco Co., et al.*, Civ. Action No. 5-96CV91 (E.D. Tex.).

[3] This case does not present the question whether due process would foreclose a state from prospectively changing or abandoning the work product rule. While such an action would force parties to work "in a fish bowl," and thus alter fundamentally the thoroughness and character of their trial preparation efforts, the issue presented on these facts is much more troubling because it involves the compelled sharing of extensive materials created in reliance on the existing rule.

court rules embodying its rationale, have given rise to an expectation by litigants and their counsel that certain property — the litigation tools created by counsel — may be preserved for their own use and not shared with their adversaries. These expectations are destroyed when a court orders that property to be provided to an adversary without compensation, to help the adversary in pursuing its case. *See Monsanto*, 467 U.S. at 1005.

A. The Taking Clause Applies To A Court's Taking Of A Litigant's "Property" Without Compensation.

The Taking Clause of the Fifth Amendment prohibits the government from taking private property without just compensation. This limitation has long applied to the states through the Due Process Clause of the Fourteenth Amendment. *Chicago, B. & Q. R.R. v. Chicago*, 166 U.S. 226, 249 (1897); *Webb's Fabulous Pharmacies, Inc. v. Beckwith*, 449 U.S. 155, 160 (1980).

This Court has recognized that the Taking Clause reaches acts of the judicial branch. *See Chicago, B. & Q. R.R.*, 166 U.S. at 239; *Hughes v. Washington*, 389 U.S. 290, 298 (1967) (Stewart, J., concurring) ("the Fourteenth Amendment forbids such confiscation by a State, no less through its courts than through its legislature"). As this Court explained nearly a century ago:

> In our opinion, a judgment of a state court, even if it be authorized by statute, whereby private property is taken for the state or under its direction for public use, without compensation made or secured to the owner, is, upon principle and authority, wanting in the due process of law required by the Fourteenth Amendment of the Constitution of the United States, and the affirmance of such judgment by the highest court of the State is a denial by that State of a right secured to the owner by that instrument.

Chicago, B. & Q. R.R., 166 U.S. at 241; *cf. Shelley v. Kraemer*, 334 U.S. 1, 16-18 (1948) (Fourteenth Amendment is violated by state court's enforcement of racially restrictive covenants).

This Court has never addressed how the Taking Clause may apply, if at all, to the court-ordered disclosure of information during discovery. Under the rationale of this Court's decision in *Monsanto*, however, the Taking Clause should apply to the compelled discovery of certain categories of information in which a party had a reasonable expectation of privacy.

Indeed, a number of lower federal courts have suggested that discovery may, in some circumstances, effect an unconstitutional "taking."[4] Such a conclusion is difficult to resist, given *Monsanto's* recognition of "informational" property, and the substantial investments made by litigants, like petitioners here, in the development of such property for use in litigation:

> [I]n today's world, informational property constitutes one of the most rapidly growing types of property. Clearly, our present approach to discovery can result in a prohibited taking of informational property without compensation.

Gregory Gelfand, *"Taking" Informational Property Through Discovery*, 66 Wash. U.L.Q. 703, 743-44 (1988).[5]

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[4] *See, e.g., Grundberg v. Upjohn Co.*, 140 F.R.D. 459, 464 (D. Utah 1991) ("Production of such discovery documents could violate plaintiffs' rights to due process of law and may constitute a taking of private property for public use without just compensation."); *Arkwright Mut. Ins. Co. v. National Union Fire Ins. Co.*, 148 F.R.D. 552, 557 (S.D. W. Va. 1993) ("'Arguably the compulsion to testify can be regarded as a *"taking" of intellectual property*.'") (quoting Fed. R. Civ. P. 45(c)(3)(B)(ii) Advisory Committee's Note for 1991 Amendment); *see also St. Jude Medical, Inc. v. Intermedics, Inc.*, 107 F.R.D. 398, 400-01 (D. Minn. 1985); *Pearl Brewing Co. v. Joseph Schlitz Brewing Co.*, 415 F.Supp. 1122, 1138 (S.D. Tex. 1976); *United States v. 364.82 Acres of Land, More or Less*, 38 F.R.D. 411, 415-16 (N.D. Cal. 1965).

[5] *See also* Note, *Trade Secrets in Discovery: From First Amendment Disclosure to Fifth Amendment Protection*, 104 Harv. L. Rev. 1330, 1331-32 (1991).

Petitioners submit that the discovery rules cannot, consistent with the Taking Clause, be used to redistribute litigation assets between opposing parties. Just as a court cannot constitutionally require a litigant to share his attorneys' offices, clerical staff, and library with his opponent's attorneys — especially for free — a court should not constitutionally be able to require a litigant to share the databases in which it has invested millions of dollars solely for the purpose of use in litigation. Such an abrogation of a party's property interest in the exclusive use of the databases amounts to a "taking," which is unconstitutional unless accompanied by the payment of compensation.

B. Petitioners' Interest In Their Databases Is "Property" Under This Court's Decisions.

There can be no doubt that petitioners have a protectable property interest in their own computerized work product databases. Respondents never claimed otherwise below. Nor could they. Petitioners made the decision, in consultation with their attorneys, that the databases were to be created; they directed their attorneys to create them; and they invested the resources necessary to do so.

This Court has recognized, moreover, that information owned by a party — particularly information that the owner maintains as confidential and from which the owner excludes others — is property within the meaning of the Taking Clause. *See Monsanto*, 467 U.S. at 1003 ("intangible property rights protected by state law are deserving of the protection of the Taking Clause"). In *Monsanto*, the company had expended millions of dollars to develop the information at issue, which was valuable to the company in developing products and which "would also be valuable to Monsanto's competitors." *Id.* at 998. Monsanto had therefore "instituted stringent security measures to ensure the secrecy of the data." *Id.*

As in *Monsanto*, petitioners have expended millions of dollars to develop their litigation support databases. Also as in *Monsanto*, petitioners "instituted stringent security measures to ensure the secrecy" of the databases, which would be

extraordinarily valuable to petitioners' "competitors" in litigation. The databases are thus clearly "property" for purposes of the Taking Clause.

This conclusion is confirmed by the Court's decision in *Carpenter v. United States*, 484 U.S. 19 (1987), which observed, citing *Monsanto*, that "[c]onfidential business information has long been recognized as property." *Id.* at 26. The Court further stated:

> Confidential information acquired or compiled by a corporation in the course and conduct of its business is a species of property to which the corporation has the exclusive right and benefit, and which a court of equity will protect through the injunctive process or other appropriate remedy.

Id. (quoting 3 W. Fletcher, Cyclopedia of Law of Private Corporations, § 857.1, at 260 (rev. ed. 1986)).

No less than the material at issue in *Monsanto* and *Carpenter*, the databases here are a species of protected property.

C. The Trial Court's Order Compelling Disclosure Of The Databases Constitutes A Taking Under This Court's Decisions.

This Court has considered three factors to be of "particular significance" in assessing whether a "taking" has occurred within the meaning of the Fifth Amendment: "the character of the governmental action," "the economic impact of the [action] on the claimant," and the extent to which that action interferes with the claimant's "investment-backed expectations." *Connolly v. Pension Benefit Guaranty Corp.*, 475 U.S. 211, 224-25 (1986) (citations and internal quotations omitted). All of these factors strongly suggest that a "taking" has occurred here.

First, the trial court's order interferes with petitioners' reasonable "investment-backed expectations." *Connolly*, 475 U.S. at 224-25. Petitioners created the litigation databases with the expectation — based squarely on the work product doctrine long recognized in essentially the same form in the state and

federal courts — that the databases, as non-evidentiary analytical tools, would be completely immune from discovery. Petitioners protected that expectation by carefully guarding the confidentiality of the databases against access by third parties (or, indeed, against anyone other than petitioners' counsel and those working under their direction).

Petitioners' expectation that the databases would remain confidential plainly meets the requirement of reasonableness. *See, e.g., Monsanto*, 467 U.S. at 1005-06. Respondents do not dispute, and the trial court expressly found, that the databases were created by counsel in connection with litigation. The databases are thus classic attorney work product meriting protection under *Hickman* and its progeny in Minnesota and elsewhere. *See, e.g., Brown v. St. Paul City Ry.*, 62 N.W.2d 688, 701 (Minn. 1954) (Minnesota work product rule "was added to allay the fears of the bar that the privacy of the lawyer's file could be invaded") (citing *Hickman*). The trial court's stated justification for compelling disclosure — to enhance respondents' ability to work with petitioners' document without requiring creation of a similar database — plainly falls short of justifying an exception to the rule.

Second, the trial court's order has a severe economic impact on petitioners. It is undisputed that petitioners have spent, altogether, tens of millions of dollars to create the litigation databases for the private use of their counsel. Much of the value of that investment will be lost if the databases must be provided free to respondents. *Monsanto* recognized as much in similar circumstances. In that case, the Court reasoned that the disclosure of Monsanto's confidential information would destroy "the competitive advantage it gives [Monsanto] over competitors" and, therefore, constitute a "taking." *Monsanto*, 467 U.S. at 1012 n.15. Similarly, here, the databases are valuable to petitioners because, among other things, they enable petitioners to "compete" more effectively in litigation.

Third, the trial court's order has the character of a wholesale abrogation of petitioners' "right to exclude" others from their

property — a right "universally held to be a fundamental element of the property right." *Kaiser Aetna v. United States*, 444 U.S. 164, 179-80 (1979); *see also Hendler v. United States*, 952 F.2d 1364, 1374 (Fed. Cir. 1992) ("In the bundle of rights we call property, one of the most valued is the right to sole and exclusive possession — the right to *exclude* strangers, or for that matter friends, but especially the Government.") (citing *Nollan v. California Coastal Comm'n*, 483 U.S. 825, 831 (1987)). As stated by Justice Brandeis, "[a]n essential element of individual property is the legal right to exclude others from enjoying it." *International News Service v. Associated Press*, 248 U.S. 215, 250 (1918) (dissenting opinion).

For all practical purposes, the loss of this right to exclude others from utilizing these databases appears to be permanent. *See Connolly*, 475 U.S. at 225 (noting significance of whether government's action "permanently appropriate[s]" claimant's property rights). The trial court's protective order explicitly contemplates that discovery material may be shared with counsel in other pending cases, all but assuring its broader dissemination.

In sum, under the three-factor analysis ordinarily employed by the Court in Taking Clause cases, a "taking" of property must be deemed to have occurred here.[6] This Court's intervention is needed in order to clarify whether this analysis, or some other

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[6] Petitioners do not contend that such a "taking" occurs whenever a party is required to produce any kind of attorney work product. Allowance of discovery under the rule upon a showing of "substantial need" and "undue hardship," *see, e.g.*, Fed. R. Civ. P. 26(b)(3); Minn. R. Civ. P. 26.02(c), is likely to be limited in nature and focused on the unavailability of particular evidentiary information other than by disclosure of work product. Compulsion of such a limited disclosure of work product material as necessary to provide access to relevant evidence will be easily sustainable against takings challenges, based on the usual examination of the character of the governmental action, the economic impact, and any interference with reasonable investment-backed expectations.

analysis, is applicable when the "taking" occurs in the course of pre-trial discovery.

D. The Trial Court's Order Effects An Unconstitutional "Taking" Because No Compensation Has Been Paid.

A "taking" by the government of private property is prohibited by the Constitution unless compensation, or a method to seek compensation, is provided. *See Monsanto*, 467 U.S. at 1016. Here, the trial court has not directed respondents to compensate petitioners for the litigation databases; rather, the court's order contemplates quite the contrary. *See* Pet. App. at 16a (respondents are entitled to acquire a database "without . . . the accompanying delays and expenses" of creating one). Nor have respondents pointed to any practicable and realistic means for seeking compensation. There is no such means other than raising the takings issue at every level of the process, as petitioners have done.[7] Given that respondents' share of the costs of creating the databases would run in the millions of dollars, the databases cannot be "taken" and given to respondents unless, and until, the trial court orders a fair amount of compensation and respondents agree to pay that amount.

No reason exists to deny compensation simply because the "taking" occurs as part of the discovery process. The Minnesota Rules of Civil Procedure, like the Federal Rules on which they are based, reflect an understanding that compensation must be paid when private property is appropriated through discovery. For example, when one side has retained an expert who is not expected to testify at trial, the other side cannot discover the facts known or opinions held by the expert, unless exceptional circumstances exist. In those circumstances where discovery is permitted, the party seeking such discovery must not only pay the expert for his or her time required to respond to such discovery, but also must "pay the other party a fair portion of the fees and

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[7] This is not a case where there is a clearly established statutory procedure for the owner to obtain just compensation. *Cf. Monsanto*, 467 U.S. at 1016-17.

expenses reasonably incurred by the latter party in obtaining facts and opinions from the expert." Minn. R. Civ. P. 26.02(d)(3)(A), (B); Fed. R. Civ. P. 26(b)(4)(C)(i), (ii). These provisions for fees and expenses were included in the rules precisely to meet the objection that it is unfair "to permit one side to obtain without cost the benefit of an expert's work for which the other side has paid, often a substantial sum." Advisory Committee Note to 1970 Amendments to Rule 26 (citing *Lewis v. United Air Lines Transp. Corp.*, 32 F. Supp. 21 (S.D. Pa. 1940); *Walsh v. Reynolds Metal Co.*, 15 F.R.D. 376 (D.N.J. 1954)).[8]

Similarly, here, respondents should not, and constitutionally cannot, be allowed to obtain without cost the computerized litigation tools that petitioners paid substantial sums to create. It is important that this Court provide guidance to the lower courts on the limits imposed by the Taking Clause on discovery orders such as the one below.

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[8] The rules' concern with avoiding uncompensated takings through discovery is also reflected in the provisions governing subpoenas of unretained experts. As stated in the Advisory Committee Note on the 1991 Amendment to Federal Rule of Civil Procedure 45:

> [C]ompulsion to give evidence may threaten the intellectual property of experts denied the opportunity to bargain for the value of their services. Arguably the compulsion to testify can be regarded as a "taking" of intellectual property. The rule [as amended] establishes the right of such persons to withhold their expertise, at least unless the party seeking it makes the kind of showing required for a conditional denial of a motion to quash as provided in the final sentence of subparagraph (c)(3)(B); *that requirement is the same as that necessary to secure work product under Rule 26(b)(3) and gives assurance of reasonable compensation.*

Advisory Committee Notes to Rule 45 (citations omitted) (emphasis added).

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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April 5, 1996

APPENDIX

STATE OF MINNESOTA
IN SUPREME COURT

CX—95—2536

The State of Minnesota, by Hubert H. Humphrey, III, its Attorney General,

Plaintiff,

and

Blue Cross and Blue Shield of Minnesota,

Respondent,

vs.

Philip Morris Incorporated, et al.,

Petitioners,

B.A.T. Industries, P.L.C.,

Defendant

ORDER

Based upon all the files, records and proceedings herein,

IT IS HEREBY ORDERED that the petition of R.J. Reynolds Tobacco Company, et al. for further review be, and the same is, denied.

IT IS FURTHER ORDERED that the request of The Product Liability Advisory Council, Inc. and The Minnesota Chamber of Commerce to serve and file a brief as amicus curiae is accordingly denied.

Dated: February 27, 1996

BY THE COURT:

/s/ A.M. Keith
Chief Justice

[Filed Dec. 26, 1995]

STATE OF MINNESOTA
IN COURT OF APPEALS

The State of Minnesota, by
Hubert H. Humphrey, III,
its Attorney General,

Plaintiff,

and

Blue Cross and Blue Shield
of Minnesota,
Respondent,

vs.
Philip Morris, Inc., et al.,
Petitioners,

B.A.T. Industries, P.L.C.,
Defendant.

ORDER
#CX—95—2536

Considered and decided by Toussaint, Chief Judge, Randall, Judge, and Peterson, Judge.

BASED UPON THE FILE, RECORD AND PROCEEDINGS HEREIN, AND FOR THE FOLLOWING REASONS:

Petitioners seek a writ of prohibition or mandamus, for relief from a November 1, 1995 discovery order. The petition does not address the criteria for mandamus, and it appears that petitioners are seeking a writ of prohibition. Petitioners seek oral argument on the matter. Product Liability Council Inc. and Minnesota Chamber of Commerce move for acceptance of an amicus brief. The brief was submitted with the motion, and acceptance will not delay proceedings in this court.

To obtain a writ of prohibition, petitioners must establish that the district court has ordered disclosure of information that is clearly not discoverable. *Mampel v. Eastern Heights State Bank*, 254 N.W.2d 375, 377 (Minn. 1977). The district court is authorized to order discovery of work—product materials under certain circumstances. Minn. R. Civ. P. 26.02(c). The court made specific findings that (a) the computerized databases include fields containing objective information, (b) release of the specified information will not reveal the impressions, opinions, or theories of counsel, and (c) respondents have met the standards for disclosure. The district court found unpersuasive the petitioners' argument that the mere selection of documents for inclusion in the database would reveal attorney strategies.

After a review of the authorities cited by all parties, the specific findings made by the district court, and the documents submitted for in camera review, we conclude that petitioners have not met the standard justifying issuance of a writ of prohibition.

IT IS HEREBY ORDERED:

1. The petition for writ of prohibition is denied.

2. Petitioner's request for oral argument is denied.

3. The amicus brief is accepted and ordered filed.

Dated: December 26, 1995

BY THE COURT

/s/ E. Toussaint

Chief Judge

STATE OF MINNESOTA **DISTRICT COURT**

COUNTY OF RAMSEY **SECOND JUDICIAL DISTRICT**
FILE #C1—94—8565

The State of Minnesota
By Hubert H. Humphrey, III,
Its Attorney General, and
Blue Cross and Blue Shield
of Minnesota,

Plaintiffs,

vs.

Philip Morris Incorporated,
R.J. Reynolds Tobacco Company,
Brown and Williamson Tobacco Corporation,
B.A.T. Industries, P.L.C.,
Lorillard Tobacco Company,
The American Tobacco Company,
Liggett Group, Inc.,
The Council For Tobacco Research — U.S.A., Inc.,
and The Tobacco Institute,

Defendants.

ORDER

This matter came duly before the undersigned upon the Motion of defendants Philip Morris Incorporated, R.J. Reynolds Tobacco Company, Brown & Williamson Tobacco Corporation, Lorillard Tobacco Company, and The American Tobacco Company (herein the "Moving Defendants"), upon the Motion of defendant B.A.T. Industries p.l.c. (herein "B.A.T."), upon the Motion of defendant Liggett Group, Inc. (herein "Liggett"), upon the Motion of defendant The Council for Tobacco Research — U.S.A., Inc. (herein "CTR"), and upon the Motion of The Tobacco Institute, Inc. (herein "Institute").

WHEREAS, on August 2, 1995, pursuant to Paragraph 4A of this Court's Order dated July 14, 1995, and filed July 17, 1995, plaintiff State of Minnesota (hereafter "Minnesota") submitted to

the Court its then existing working litigation index for *in camera* review; no other party submitted such an index at that time;

WHEREAS, pursuant to this Court's Order dated August 10, 1995, Minnesota produced its updated existing working litigation index for *in camera* review, seeking to redact certain portions of the index before its release to the defendants, claiming such portions were protected by the work product privilege;

WHEREAS, plaintiff Blue Cross and Blue Shield of Minnesota represented that it does not have any existing index;

WHEREAS, pursuant to this Court's Order dated August 10, 1995, and in accord with the letter agreement dated August 23, 1995, Liggett, Institute, and CTR have each produced materials, including affidavits, for *in camera* review, requesting protective orders;

WHEREAS, pursuant to this Court's Order dated August 17, 1995, and in accord with the letter agreement dated August 23, 1995, Moving Defendants and each of them produced exemplar discs, sealed affidavits, and other materials with respect to certain existing litigation indices or databases for *in camera* review, requesting protective orders;

WHEREAS, pursuant to certain Stipulated Orders of August 18, 1995, and September 6, 1995, reflecting agreement reached by B.A.T. and plaintiffs with respect to B.A.T.'s indices and databases, B.A.T. has produced exemplar discs, sealed affidavit, and other materials for *in camera* review, requesting a protective order;

WHEREAS, the parties came before this Court on September 12, 1995, and the Court entertained arguments with respect to these matters;

WHEREAS, the defendants have provided additional information in the form of memoranda to the Court, pursuant to its directive issued September 12, 1995, with respect to the databases;

Based on the files, records, submissions, memoranda, arguments, and representations of counsel

IT IS HEREBY ORDERED:

1. The indices and databases provided to the Court in this matter for its *in camera* review are not in their entireties protected from production under the work—product doctrine. Subjective portions only of said indices and databases are protected from production. Accordingly, the motions are DENIED in part and GRANTED in part, as is further detailed below.

2. Defendants' motions for leave to file under seal, *in camera*, and *ex parte* affidavits containing factual evidence in support of their motions for a work product determination and protective order are hereby GRANTED.

3. Moving Defendants' request for an *in camera, ex parte* hearing in respect to this matter is DENIED.

4. **Minnesota** may redact from their index, as provided to this Court, all information contained in the column or field entitled "Comments;" and it shall then produce[1] its index, as redacted, to defendants.

5. Moving Defendants may redact form their indices or databases, as provided to this Court, all information contained in columns or fields EXCEPT that information contained in the fields identified below, and each shall then produce[2] its indices, as redacted, to plaintiffs:

A. **Philip Morris Incorporated** shall release the following fields:

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[1] For purposes of this Order, production of indices shall be in the form of ASCII or WordPerfect 5.0/5.1 documents on 3.5 inch disk only and shall take place not later than two weeks form the date of implementation of this Order.

[2] See footnote 1 *supra*.

SHB Database:

Document ID, Master ID, Other Number, Document Date, Primary Type, Other Type, Person Author, Person Recipient, Person Copied, Person Mentioned, Person Attending, Person Noted, Organization Author, Organization Recipient, Organization Copied, Organization Mentioned, Organization Attending, Organization Noted, Mentioned Brand File Name, Site, Area, Verbatim Title

ABC Database:

Starting and Ending Bates Numbers, Date, Title, Document Type, Author, Addressee, Copyee, Source, File

A&P Database:

Source, Document Number, Attachment Range, Document Date, Document *Types 05 through 15 only*, Title, To/Addressee — Personal Names, To/Addressee — Organizational Names, From/Author — Personal Names, From/Author — Organizational Names, Copyee — Personal Names, Copyee — Organizational Names

B. **R.J. Reynolds Tobacco Company** shall release the following fields:

Litigation Database:

Addressee, Attachments, Author, Brand Names, Copyee, Doc Date, Doc ID #, Doc Type, Mentioned Names, Page Length, Referenced Doc, RJR Intnl Docs, Source, Split Record, Title

DMS Database:

Counsel represents that all documents in this database are included in the Litigation Database, thus this database need not be produced.

Additives Database:

Counsel represents that all documents in this database are included in the Litigation Database; this database, however, contains eight additional fields. Release Additive Brands, Additive Name, Pesticide Name, and Other Brands in addition to those fields listed for Litigation Database, above.

Camel Congressional Investigations Database:

All documents in this database are included in the Litigation Database, thus this database need not be produced.

Premier Database:

75% of the documents in this database are included in the Litigation Database, thus of the 25% which is not included, the following shall be released: Addressees AFF, Attachment(s), Authors AFF, Brand(s), Copyees, Doc ID #, Document Type, Item Date, Other Names, Source, Title.

Outside Attorney Database:

Addressee, Attachments, Author, Brand Names, Copyee, Doc ID #, Doc Type, Item Date, Other Name, Source, Title

R.J. Reynolds Tobacco Company shall also address the following discrepancies by *in camera* memorandum to the Court within three (3) days of this order:

1. McKim's Affidavit identifies two fewer fields for the Litigation Database (see Exh I) than Parker's Affidavit (P. 5, para. 8.).

2. McKim's Affidavit identifies six fewer fields for the DMS Database (see Exh J) than Parker's Affidavit (p. 10, para. 16).

3. McKim's Affidavit identifies one fewer field for the Additives Database (see Exh K) than Parker's Affidavit (p. 12, para. 23).

4. McKim's Affidavit identifies two fewer fields for the Camel Database (see Exh L) than Parker's Affidavit (P. 14, para. 30).

C. **Brown & Williamson Tobacco Corporation** shall release the following fields:

Litigation Database:

Document Identification Number, Document Date, Objective Date, Document Type, Primary Document Type, Secondary Document Type, Personal Names/Organizations, Recipient, Originator, Copyee, Mentioned, Forwarded To, Owner of Document, Attendee, File Folder Name, Area/Sub—Area Name, Brand Names, Verbatim Title, Substances, Substances No Code, Diseases

Stolen Database (Exhibits G & H):

DocID, Date, File, Type, To, From, Orig, Title (V)erbatim only (i.e., may redact Title Inferred)

D. **Lorillard Tobacco Company** shall release the following fields:

Document ID, Master ID, Other Number, Document Date, Primary Type, Other Type, Person Author, Person Recipient, Person Copied, Person Mentioned, Person Attending, Person Noted, Organization Author, Organization Recipient, Organization Copies, Organization Mentioned, Organization Attending, Organization Noted, File Name, Site, Area, Verbatim Title, Mentioned Brand

E. **The American Tobacco Company** shall release the following fields:

Exhibit A:

DOCNO, DATE, TITLE, TYPE, AUTHOR, RECIP, COPIES, PERSONS, BRANDS, PAGES, ATTACH, DRAFT, COMPS, ORGS

Exhibit B:

DOC_TYPE, BEGIN_DOC END_DOC,TITLE, DESCRIPTION, AUTHOR, ADDRESSEE, COPIED, MENTION, DOC_DATE, ATTACHMENT, DRAFT

Exhibit C:

BEGIN_BATE, END_BATE, RENUMBERED, DOCNO, DATE, TITLE, TYPE, AUTHOR, RECIP, COPIES, PERSONS, BRANDS, PAGES, ATTACH, DRAFT, COMPS, ORGS

Exhibit D:

BOXNO, BARCHNO, PAGESTART, PAGEEND, YRSTART, YREND, BLUESTART, BLUEEND, DATE, AUTHOR, RECIPIENT, PAGECOUNT

Exhibit E:

PAGENO, PAGESTART, PAGEEND, BLUESTART, BLUEEND, PAGECOUNT, YRNUMBER

Exhibit F:

BOX_NUMBER, BATCH_NO, START_PAGE, END_PAGE, BLUE_START, BLUE_END, DATE, AUTHOR, RECIPIENT, PAGE_COUNT, LOOSE

Exhibit G:

START_DATE END_DATE, DOC_TYPE, AUTHOR, RECIPIENT, TITLE, PERS_COPIED, COMP_COPIED, NUMBER_PAGES, ATTACHMENT, PERSONS, COMPANIES, SUBJECTS, ATCO_FILES

Exhibit H:

Counsel represents that this exhibit contains portions of Exhibit B — Produce all information in fields listed at Exhibit B above.

Exhibit I:

Counsel represents that this exhibit contains portions of Exhibit C — Produce all information in fields listed at Exhibit C above.

Exhibit J:

Counsel represents that this exhibit contains portions of Exhibit G — Produce all information in fields listed at Exhibit G above.

Exhibit K:

This exhibits appears to merely list all field names already identified in Exhibits A through G. Accordingly, this summary need not be produced.

6. **Liggett** may redact from its index or database all information contained in columns or fields EXCEPT that information contained in the fields identified below, and it shall then produce[3] its index, as redacted, to plaintiffs:

Document Number, End Number, Date, Type, Author, Recipient, Name Mentioned

7. **CTR** may redact from its indices or databases all information contained in columns or fields EXCEPT that information contained in the fields identified below and shall then produce[4] its indices, as redacted, to plaintiffs:

Debevoise Database:

Authors, Recipients, Copyees, Document Date and Date Qualifier, Title, Primary Doc, Primary Doc and Secondary Doc, Attendee, Mentioned Names, Brand Names and Reference Brands, Doc Range, Original Doc ID, Custodian, Doc ID

Special Projects Publications Database: Publ, Recip

8. **Institute** may redact from its index or database all information contained in columns or fields EXCEPT that

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[3] See footnote 1 *supra*.

[4] See footnote 1 *supra*.

information contained in the fields identified below and shall then produce[5] its index, as redacted, to plaintiffs:

PREFIX, BPROD, BSUFFIX, EPROD, OPROD, DATE, AUTHOR, ADDRESSEE, COPY, PLACE, TYPE, NAMES, COPY

9. **B.A.T.** and plaintiffs have already reached agreement with respect to certain objective fields of B.A.T.'s REVA database, and B.A.T. has begun and shall continue production of the following fields of information from its REVA database:

Site, LWD File Number, R&DC File Number, File Title, Start Date, Finish Date, Location, Owner, Original File User, Projects, Reports, Pagination.

B.A.T. may redact all other fields of information contained in its REVA database. As plaintiffs agree not to seek production of the CDIS database at this time, this Court need not address whether and to what extent the CDIS database is privileged.

10. Those fields of information redacted from each index pursuant to this Order need not be listed in a privilege log nor must each such index be marked as redacted in the location of the document where it is redacted. Any redactions other than those ordered herein, however, shall comply with the terms of the Case Management Order entered in this action.

11. This order, with respect to production of materials submitted *in camera*, shall be stayed for thirty (30) days from the date of filing. In the event the parties or any of them shall pursue appellate remedies within such thirty (30) day period, such stay shall be extended until the parties have exhausted their available appellate remedies. No party need produce to opposing counsel any materials submitted *in camera* until such stay has terminated.

12. Upon termination of such stay, all materials submitted to this Court *in camera* which remain in this Court's possession or

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[5] See footnote 1 *supra*.

under its control shall be returned to the submitting parties. Counsel may make arrangements with the Court's clerk to obtain their respective submissions.

13. The Memorandum attached hereto is incorporated herein.

DATED: November 1, 1995

/s/ Kenneth J Fitzpatrick

Kenneth J. Fitzpatrick
CHIEF JUDGE

MEMORANDUM

As a part of its Case Management Order dated March 29, 1995, this Court ordered the parties to produce existing indices, if any, of documents relative to the subject matter of this action. (See Case Management Order filed March 30, 1995, para. D.5.) Each party claiming that an existing index contained subjective information protected by attorney—client or work product privilege was ordered to submit the index to the Court for *in camera* inspection and determination. (See July 17, 1995, Order, para. 4.A, and August 10, 1995, Order.) Five defendants, namely the "Moving Defendants" identified in the Order attached hereto, sought modification of that Order, claiming that production of full copies of all existing indices would be unduly burdensome due to the millions of documents such indices identified. Moving Defendants' motion was granted and they were allowed to comply with the August 10, 1995, Order by providing exemplar discs of portions of each existing index. (See August 17, 1995, Order.) Defendant B.A.T. Industries, plc. ("B.A.T.") and plaintiffs came to agreement with respect to B.A.T.'s indices, and Stipulated Orders reflecting their agreement were filed August 18, 1995, and September 6, 1995. Accordingly, all parties produced indices or exemplar indices to the Court for *in camera* review, seeking protection from discovery of all or part of each index.

The scope of discovery is, by definition, very broad. As set forth in the Minnesota Rules of Civil Procedure:

> Parties may obtain discovery regarding *any matter*, not privileged, which is relevant to the subject matter involved in the pending action... including the existence, description, nature... and location of any books, documents, or other tangible things and the identity and location of persons having knowledge of any discoverable matter. It is not ground for objection that the information sought will be inadmissible at trial if the information sought appears reasonably *calculated to lead to* the discovery of admissible evidence.

Minn. R. Civ. P. 26.02 (1995) (emphasis added). Limitations, however, exist. Relevant here is the work product privilege for materials prepared in anticipation of litigation.

The parties state that the databases which contain the information from which each index is produced were prepared "in anticipation of litigation or for trial by or for another party or by or for that other party's representative." Minn. R. Civ. P. 26.02(3) (1995); see *Hickman v. Taylor*, 329 U.S. 495, 67 S. Ct. 385 (1947). This is undisputed. Accordingly, discovery of the database may be had only if the party seeking discovery shows "substantial need" of the materials to prepare the party's case and that the party is "unable without undue hardship to obtain the substantial equivalent of the materials by other means." *Id.* Further, once such a showing has been made, the Court must protect against disclosure of the mental impressions, conclusions, opinions, or legal theories of attorneys or other representatives concerning the litigation. *Id.* As discussed below, this Court has examined the arguments and materials submitted by the parties and finds that the proper showing has been made. Counsel have demonstrated that certain portions of the databases, however, reflect counsel's opinions and theories. Accordingly, this Court protects such opinion work product from discovery, ordering production of objective information only.

In this action, millions of documents must be reviewed to sieve the relevant documents from those that constitute the remainder of each party's universe of documents. Much of the reviewing has already taken place over the years by counsel for the parties in response to prior claims. Certain information was deemed relevant or important enough that counsel wished to be able to identify and locate it without undue burden. In many cases a computerized database was employed by counsel to list the hundreds and thousands of documents reviewed and keep track of the information. The masses of information on the database can be selected, accessed, and located more quickly and accurately by computer than by other processes and without duplication of effort.

The parties have disclosed that millions of pages of documents will be produced during discovery in response to discovery requests. For example, defendants have estimated that they will eventually produce 9,000,000 pages. If five attorneys were to devote 12 hours each per day, five days per week, to the task of reviewing those nine million pages — and limit their review to one minute per page — it would take nine years to review those documents alone. Creation of a new and separate database identifying the nine million documents would be duplicative, time consuming, and costly.

Because of the enormous volume of documents which may be relevant to the issues of this complex action, there is substantial need to utilize whatever technology exists to efficiently sort and identify documents. There is no equivalent substitute for the databases at this time. Via use of the existing databases, objective information can be produced regarding the millions of documents already entered onto the databases, without duplication of efforts and the accompanying delays and expenses. This Court finds that the required showing of substantial need and inability to obtain the equivalent without undue hardship has been met.

The Court, however, must protect against disclosure of attorney impression, opinions, and theories. A database in its entirety may reveal too much. The design of a database, its use, and detailed descriptions, as well as instructions and guidelines as to particular information to be extracted from documents to be coded, may reveal counsel's theories and mental impressions. *IBM Peripherals*, 5 Comp. Law Serv. Rptr. 878 (N.D. Cal. 1975). The computerized databases, in their entireties, therefore, shall not be disclosed to opposing counsel. Certain information contained within each database, however, does not reveal attorneys' mental impressions, strategies, opinions, or theories; it is not offered the same degree of protection from disclosure.

When reviewing a document for coding into a database, certain items or fields are determined to be important. Individual pieces of information selected for insertion on the database are objective, such as the date printed on a document, its author, its title, or its

recipient. Some fields are administrative, such as date reviewed, reviewer's/coder's name, date entered on the database, and duplicate check features. Some information entered is subjective, such as whether a document contains confidential information or trade secrets, whether a document could serve as strong evidence for or against a particular legal position, comments, etc. Where objective information may be disclosed without revealing mental impressions and without undue burden, the information does not merit protection.

This Court has examined the *in camera* submissions of the parties to factually evaluate the information contained in the various databases. The Court does not find persuasive defendants' argument that mere selection of documents for insertion onto the database reveals counsel's mental impressions, strategies, and thought processes. Counsel have selected thousands of documents to index, not "a few documents out of thousands." *Sporck v. Peil*, 759 F.2d 312, 316, *cert. denied*, 474 U.S. 903, 106 S.Ct. 232, 886 L.Ed.2d 230 (1985). Many of the databases at issue reference millions of documents and hundreds of subjects; they were created over a period of years for numerous lawsuits and potential claims. *Cf. Shelton v. American Motors Corp.*, 805 F.2d 1323, 1329 (8th Cir. 1986) (the Court protected an attorney from listing at deposition those documents "important enough to remember"). Unlike identifying a few significant documents out of thousands, the sheer number of the documents identified in the indexes at issue provide protection. Access to an opponent's index of thousands of documents gathered for litigation aids efficiency in discovery without revealing strategy. *Washington Bancorporation v. Said*, 145 F.R.D. 274, 277 (D.D.C. 1992). Not every piece of information in a list which may in some sense reveal counsel's mental impressions is protected as opinion work product. *In Re San Juan DuPont Plaza Hotel Fire Litigation*, 859 F.2d 1007, 1015 (1st. Cir. 1988) In many cases, the parties have themselves described certain fields of information as objective.

The Court has examined the numerous examples of the indices which were produced by the parties' databases and has determined

that fields containing objective information exist in each database, as do fields containing administrative and subjective information. The parties have each stated that it is possible without undue burden to produce an index from each database that contains certain selected fields while protecting from disclosure other fields of information. This Court must protect from disclosure subjective and administrative information with respect to the databases which may reveal protected opinion work product. Accordingly, this Court orders that only the objective information contained in the fields identified in the Order attached hereto be produced to avoid inefficient, extended, expensive discovery to the extent possible.

The tools themselves, the databases in their entireties, are not discoverable. Certain forms of information produced by the tools, such as indices, are. The parties can produce indices of objective information on the millions of documents on their databases without revealing attorney opinion, mental impressions, strategies, or theories. Such indices are not protected opinion work product and, because their production will prevent duplication of time, effort, and expense in the discovery phase of this complex action, such indices are discoverable.

(2)

No. 95-1611

Supreme Court, U.S.
FILED
APR 25 1996
CLERK

In The

Supreme Court of the United States

October Term, 1995

R.J. REYNOLDS TOBACCO COMPANY, PHILIP MORRIS INCORPORATED, BROWN & WILLIAMSON TOBACCO CORPORATION, LIGGETT GROUP, INC., LORILLARD TOBACCO COMPANY, THE COUNCIL FOR TOBACCO RESEARCH – U.S.A., INC., AND THE TOBACCO INSTITUTE, INC.,

Petitioners,

v.

THE STATE OF MINNESOTA, BY HUBERT H. HUMPHREY, III, ITS ATTORNEY GENERAL, AND BLUE CROSS AND BLUE SHIELD OF MINNESOTA,

Respondents.

On Petition For A Writ Of Certiorari To The Supreme Court Of Minnesota And The Court Of Appeals Of Minnesota

RESPONDENTS' BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI

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54pp

QUESTION PRESENTED

Did the state trial court's pre-trial discovery Order under Minnesota Rule of Civil Procedure 26.02(c) that, upon Respondents' showing of substantial need and undue hardship, Petitioners produce ordinary work product – but not work product revealing any opinions, theories or strategies of counsel – violate Petitioners' due process rights or constitute an unconstitutional "taking of property"?

LIST OF PARENT COMPANIES AND NON-WHOLLY OWNED SUBSIDIARIES

The State of Minnesota and Blue Cross and Blue Shield of Minnesota are Respondents to the Writ. AWARE Integrated, Inc. is the non-profit parent holding company of Blue Cross and Blue Shield of Minnesota. Blue Cross and Blue Shield of Minnesota has no subsidiaries that are not wholly-owned.

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RESPONDENTS' BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI

Respondents State of Minnesota and Blue Cross and Blue Shield of Minnesota respectfully request that this Court deny the Petition for a Writ of Certiorari. The Petition seeks review of the Minnesota Supreme Court's refusal to grant discretionary review of the Minnesota Court of Appeals' refusal to grant a writ of prohibition against the trial court's pre-trial discovery order.

JURISDICTION

To create jurisdiction under 28 U.S.C. section 1257, an asserted federal question must be "substantial," that is not merely "formal" and not so "absolutely devoid of merit as to be frivolous." *Equitable Life Assur. Soc'y v. Brown*, 187 U.S. 308, 311 (1902). Respondents submit that Petitioners' arguments that routine discovery under the Minnesota Rules of Civil Procedure is unconstitutional fail to satisfy this jurisdictional threshold.

STATEMENT OF THE CASE

Petitioners seek review, using fanciful constitutional arguments as purported "federal questions," of a pre-trial discovery order issued by a Minnesota state trial court pursuant to Minnesota Rule of Civil Procedure 26.02(c). In their attempt to transform a discretionary discovery order into an issue of constitutional magnitude, Petitioners necessarily fail to disclose to this Court the generous amounts of "process" they were afforded by the

Minnesota courts and the fact- and case-specific nature of the decisions of which they complain. The trial court judge entertained several rounds of briefing and conducted extensive *ex parte in camera* review of the materials before ordering that some be produced and some be redacted. The Court of Appeals reviewed the materials before upholding the trial court's Order. In addition, Petitioners ignore well-recognized principles that plainly allow the discovery of ordinary work product upon a factual showing of substantial need and undue hardship.

This action against the cigarette industry arises out of a decades-long conspiracy of intentional wrongdoing by the leading cigarette manufacturers and their trade associations. The State of Minnesota and Blue Cross and Blue Shield of Minnesota seek to recover the substantial sums of money each spends for health care for smoking-attributable death and disease.

This case involves a massive amount of document discovery. Petitioners have represented that they will produce at least 9 million pages of documents. Petitioners' Appendix ("P.A.") 16a. The trial court estimated that "[i]f five attorneys were to devote twelve hours each per day, five days per week, to the task of reviewing those nine million pages – and limit their review to one minute per page – it would take nine years to review those documents alone." *Id.* Recognizing the need to streamline this discovery, the trial court entered the November 1, 1995 Order at issue in the Petition.

The November 1 Order was issued only after ten months of repeated rounds of briefing and oral argument and, in fact, was the culmination of four previous Orders

on the issue. In addition, the November 1 Order was entered only after extensive *in camera* review of random samples of the indices. Thus, Petitioners' possible attempt to preserve a due process claim by suggesting that there was a lack of process is a mischaracterization of the proceedings below. Petition ("Pet."), p. 4. *See* Supreme Court Rule 15.2.[1]

The first Order on indices was issued on March 29, 1995, as one provision in an extensive Case Management Order that required all parties, including Respondents, to produce existing indices of documents relative to smoking and health. Respondents' Appendix ("R.A.") 13, 30. One defendant, B.A.T. Industries, p.l.c., complied. Petitioners, however, refused to produce their indices, and on July 17, 1995, the trial court issued a second Order allowing each Petitioner to submit, for *in camera* review on an *ex parte* basis, any index for which it claimed any privilege or work-product protection. R.A. 24. Petitioners did not comply with this Order, arguing instead that they were entitled to an extraordinary *in camera, ex parte* hearing on the issue. P.A. 6a. The trial court then issued a third Order, mandating the production of all existing indices to the Court for *in camera* review within five days. R.A. 32. Still, Petitioners resisted, moving instead for a modification of that Order allowing them to submit only sample indices for *in camera* review. The trial court's

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[1] Petitioners also misstate the record when they claim that "respondents sought to obtain all of the petitioners' databases in their entirety . . . " Pet., p. 4. Respondents specifically requested that the court redact any "opinion" work product, such as attorney comments or analyses.

fourth Order ordered *in camera* production of "random and representative" samples of the indices. R.A. 35. Finally, on August 17 and August 28, 1995, Petitioners submitted samples of their indices for *in camera* review.

After reviewing the sample indices, the trial court issued the Order which is the subject of the present Petition. P.A. 4a-18a. Based upon its review, the court specifically found that "the parties can produce indices of objective information on the millions of documents in their databases without revealing attorney opinion, mental impressions, strategies or theories." P.A. 18a.

The trial court carefully segregated those portions of the indices containing "opinion work product," from the indices' "objective information." P.A. 6a-12a. Only the latter was found to be discoverable. In meticulous detail, the court described the objective fields of information to be produced to plaintiffs. *Id.* Only the most basic, identifying information was ordered produced, for example document numbers, document dates, document authors, document recipients, verbatim titles and document types. This information, when it is produced to Respondents, will be subject to a protective order that allows sharing of confidential information with counsel in other cases only upon agreement by the parties or further court order.

Any "subject matter" information or even identification of documents by topic was ordered redacted. Indeed, the Order required that "inferred" titles of documents – as opposed to "verbatim" titles – be redacted. P.A. 9a. Respondent State of Minnesota was ordered to produce

its index after redacting an "attorney comments" field. P.A. 6a.[2]

The trial court's order was based upon extensive factual findings. Only after reviewing the information did the court segregate discoverable from non-discoverable information. The trial court also relied on its factual findings to conclude that Respondents had made the "proper showing" required under the Minnesota Rules to obtain the objective information from the indices. P.A. 15a. The court calculated the burden caused by Petitioners' massive anticipated document production, the burden posed by requiring Respondents to create new and separate identifying information, and whether there was an equivalent substitute for the objective content of the indices. The result of this factual inquiry was the trial court's conclusion, described in the very language of Minnesota Rule of Civil Procedure 26.02(c), that "the required showing of substantial need and inability to obtain the equivalent without undue hardship has been met." P.A. 16a. Because Petitioners had, even before the Order was issued, made it clear they would appeal any unfavorable ruling, the trial court stayed production of the indices until the Petitioners had "exhausted their available appellate remedies." P.A. 12a.

Petitioners then sought from the Minnesota Court of Appeals the extraordinary remedy of a writ of prohibition. The Petitioners submitted the sample indices at issue to the Court of Appeals, again in an *ex parte* fashion.

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[2] Respondent Blue Cross and Blue Shield of Minnesota did not have any existing index. P.A. 5a.

The Court of Appeals denied the writ, deferring to "the specific findings made by the district court" after reviewing "the documents submitted for in camera review." P.A. 3a. Petitioners then sought discretionary review in the Minnesota Supreme Court of the Court of Appeals' denial of the writ of prohibition. The Minnesota Supreme Court denied review without comment.

REASONS WHY THE PETITION SHOULD BE DENIED

1. The Petition Seeks Review of the Factual Findings Made By A State Court Under A State Procedural Rule

The decisions of the Minnesota courts are simply the application of the well-settled work product doctrine, as embodied in the Minnesota Rules, to the facts of this case.[3] The scope of work-product protection was litigated in the Minnesota state courts, whose conclusions were that the indices, after redaction of information revealing attorney theories, opinions or strategies, were discoverable under Minnesota Rule of Civil Procedure 26.02(c), which authorizes the disclosure of ordinary work product upon a showing of "substantial need" and "undue hardship." Thus, Petitioners' real complaint is with the trial court's case-specific application of the Minnesota rule of procedure. *See* Pet., p. 9 ("The obvious error of the decision below is its interpretation of the 'substantial need' requirement under the work product doctrine."). The trial

[3] Minnesota Rule of Civil Procedure 26.02(c) is identical in all relevant aspects to Federal Rule of Civil Procedure 26(b)(3).

court's application of Minnesota Rule of Civil Procedure 26.02 is, however, an issue of state law – adequate and independent of any federal question – for which this Court lacks jurisdiction. *Michigan v. Long*, 463 U.S. 1032, 1037-38 (1983). Moreover, a petition for a writ of certiorari "is rarely granted when the asserted error consists of erroneous factual findings or the misapplication of a properly stated rule of law." Supreme Court Rule 10. Petitioners concede that the Rule which the trial court applied is constitutionally valid. Pet., p. 19 n.6.

Petitioners can cite no case holding that court-ordered discovery under the state or federal rules of civil procedure of information allegedly protected by the work product doctrine raises any constitutional concern. One reason for this lack of authority is, no doubt, that taken to its logical end, Petitioners' position would end pre-trial discovery as it is now practiced.

This paucity of authority establishes that there is no "compelling reason" for review. Supreme Court Rule 10. The Petitioners have failed to identify any conflict, much less a well-developed conflict, among the state and lower federal courts that could merit this Court's review. *See McCray v. New York*, 461 U.S. 961, 963 (1983) (Stevens, J.) (prudential concerns suggest that this Court should first let states "serve as laboratories" even with respect to important issues). This dearth of decisions on the issues shows a lack of substantiality. This Court "does not sit to satisfy a scholarly interest" in issues that raise only an intellectually interesting or academic problem, or that are only "episodic" in nature. *Rice v. Sioux City Memorial Park Cemetery*, 349 U.S. 70, 74 (1955). This hesitancy to review issues that have not played out fully in the lower courts is

especially important "where the issues involved reach constitutional dimensions, for then there comes into play regard for the Court's duty to avoid decision of constitutional issues unless avoidance becomes evasion." *Id.*

The lack of attention paid by the state and lower federal courts to the theories asserted by Petitioners is explained by the substantive weakness of their arguments. The necessary premise to either of Petitioners' constitutional arguments is that even the limited, objective information that the court found discoverable is, under *every* circumstance, absolutely protected from discovery by the work product doctrine. Even if the information is only sometimes discoverable, then Petitioners have the "fair warning" required by due process. *See Bouie v. City of Columbia*, 378 U.S. 347, 352 (1964). Also, Petitioners could then harbor no reasonable "investment-backed expectation" that the information would not be discoverable, as required before there can be a "taking" under the Fifth Amendment. *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1005 (1984).

Petitioners thus overstate repeatedly that "those databases are clearly protected from disclosure" (Petitioners' "Question Presented"), that the order of discovery was "contrary to the work product rules as universally recognized by the state and federal courts" (Pet., p. 7), that the databases are "clearly protected . . . by the work product doctrine" (Pet., p. 8), that work product protection "clearly applies" (Pet., p. 11), and that by failing to recognize as much the state courts committed a "wholesale rewriting of the rules of procedure in the middle of a major lawsuit . . . " (Pet., p. 12). These pleas for absolute immunity from discovery, the

only potential basis of a constitutional claim, are repudiated by the work product doctrine, its careful fact-specific application in this case and a long history of cases allowing discovery of similar information.

This Court's decision in *Hickman v. Taylor*, 329 U.S. 495 (1947), the origin of the work product doctrine, explicitly noted the limited nature of work product protection:

> We do not mean to say that all written materials obtained or prepared by an adversary's counsel with an eye toward litigation are necessarily free from discovery in all cases.

Id. at 511.[4] Such an exception serves discovery's purpose that trials "no longer need be carried on in the dark." *Id.* at 501.

The limited nature of work product protection established in *Hickman* is embodied in the state rule of procedure at issue in this case. Minnesota Rule of Civil Procedure 26.02(c) mirrors its federal counterpart in that it allows discovery of work product in some circumstances:

> [A] party may obtain discovery of documents and tangible things . . . prepared in anticipation of litigation or for trial by or for another party

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[4] Petitioners' repetitive description of their databases as "non-evidentiary" is without legal significance. Pet., pp. 3, 13, 18. *Hickman* establishes that work product need not be admissible in order to be discoverable. The category of information described by the Court includes that which might "give clues as to the existence or location of relevant facts." *Hickman*, 329 U.S. at 511.

> or by or for that other party's representative (including the other party's attorney, . . .) only upon a showing that the party seeking discovery has substantial need of the materials . . . and that the party is unable without undue hardship to obtain the substantial equivalent of the materials by other means.

Minn. R. Civ. P. 26.02(c) (1995).

Petitioners' claim of surprise that objective information from their databases could be discoverable under the work product rules is unconvincing. Courts have historically found that the type of information ordered produced in this case is discoverable. Early cases addressing "attorney databases" put Petitioners on "fair warning" that at least portions of any work product database may be discoverable. For example, in *United States v. American Tel. and Tel. Co.*, 642 F.2d 1285 (D.C. Cir. 1980), the court considered the discoverability of "documents pertaining to a 'database' consisting of computerized abstracts of documents" which was prepared by or for the parties' attorneys specifically in anticipation of litigation. *Id.* at 1289, 1298. After describing how the "qualified privilege" of work product could be overridden by a showing of substantial need, the court remanded to consider whether the requesting party could meet the "substantial need" standard. *Id.* at 1302. Similarly, in *United States v. International Business Machines Corp.*, 58 F.R.D. 556, 558-59 (S.D.N.Y. 1973), the court found that "a computerized 'database' created by CDC's lawyers" which was designed to assist counsel in the organization of numerous documents involved in a complex case, if it

had not been destroyed, could have been discoverable under the work product doctrine.

This trend by courts to recognize that at least redacted versions of litigation databases are discoverable continues to the present. *Scovish v. Upjohn Co.*, 1995 Con. Super. LEXIS 328 (Conn. Super. Nov. 22, 1995) (ordering discovery of redacted "document retrieval system" prepared by opposing party's counsel for a nationwide litigation), *appeal dismissed*, (March 20, 1996).

Once the redactions ordered by the state trial court in this case are taken into account, the information ordered to be produced is merely objective, identifying information for documents relevant to smoking and health cases. The Minnesota courts were on solid legal ground in rejecting Petitioners' claim that the mere selection by attorneys of the millions of documents included on these indices would reveal the attorneys' "opinion work product." P.A. 17a.

The heightened protection of opinion work product is not triggered "unless disclosure creates a real, non-speculative danger of revealing the lawyer's thoughts." *In re San Juan DuPont Plaza Hotel Fire Litigation*, 859 F.2d 1007, 1015 (1st Cir. 1988). Thus, other courts have routinely found that there is no opinion work product protection for lists or indices of large sets of documents selected by attorneys. *In re Shell Oil Refinery*, 125 F.R.D. 132, 134 (E.D. La. 1989) (ordering lists of documents selected by plaintiffs for copying discoverable because "it is highly unlikely that Shell will be able to discern the [plaintiffs'] 'theory of the case' . . . simply by knowing

which 65,000 documents . . . have been selected for copying"); *Washington Bancorporation v. Said*, 145 F.R.D. 274, 278 (D.D.C. 1992) (requiring that document indices compiled by counsel be produced because "the extreme number of documents indexed here virtually eliminates the possibility that defendants could glean from this index . . . litigation strategy"); *see also Matter of Grand Jury Subpoenas*, 959 F.2d 1158, 1167 (2d Cir. 1992) (large volume of records deserves no opinion work product protection because records were "sufficiently voluminous to minimize disclosure of the attorneys' identification of some occasional wheat among the chaff"). The information ordered produced in this case is "ordinary" work product that is discoverable upon a showing of need.[5]

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[5] In the courts below, Petitioners relied upon cases finding that an attorney's selection of a few significant documents may reveal opinions or theories. *See Sporck v. Peil*, 759 F.2d 312, 316 (3d Cir.) (counsel selected "a few documents out of thousands"), *cert. denied*, 474 U.S. 903 (1985). The courts below rejected these cases as inapplicable in this case, where the selection is of millions of documents. P.A. 17a.

The only case that Petitioners have pointed to as holding that computerized data bases are "opinion work product" which cannot be discoverable is *In re I.B.M. Peripheral EDP Devices Antitrust Litigation*, 5 Comp. Law. Serv. Rptr. 878 (N.D. Cal. 1975), an obscure decision which cites no authority for its ruling. Even in *I.B.M. Peripherals*, the court left open the issue of whether the objective portions of the data bases were discoverable if they could be segregated from the summaries and analysis of I.B.M. counsel.

2. Petitioners' Fanciful Constitutional Arguments Do Not Merit Review

A. There Is No Substantive Due Process Issue.

Petitioners contend that the trial court's factual assessment pursuant to the guidelines of Minn. R. Civ. P. 26.02 somehow represented a "wholesale rewriting of the rules of procedure in the middle of a major lawsuit." Pet., p. 12. The hyperbole is obvious: Minnesota Rule of Civil Procedure 26.02 underwent no change because of the court's ruling. Indeed, as shown above, the weight of the authority reveals that the state court simply and correctly applied the facts before it to the statutory framework. Petitioners lost no "well-established common law protection" because the court faithfully applied well-settled law, protecting their "opinion work product" while ordering the objective information produced in response to plaintiffs' showing of need.[6]

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[6] Petitioners challenge the state trial court's factual assessment of substantial need by arguing that the court could find such need only if the information at issue was otherwise unavailable. Pet., pp. 9-10. This Court does not, however, grant *certiorari* to review fact issues. *United States v. Johnston*, 268 U.S. 220, 227 (1925); Supreme Court Rule 10. In any event, Petitioners' narrow redefinition of "substantial need" is legally incorrect. The test involves "a balance between the importance of the material sought and the time, expense and effort required to obtain their substantial equivalent by other means." Edward Sherman & Stephen Kinnard, "The Development, Discovery and Use of Computer Support Systems in Achieving Efficiency in Litigation," 79 *Colum. L. Rev.* 267, 276 (1979). Where parties "flood their discovering opponent with documents," it may be desirable to find that the "substantial equivalent" requirement is met. *Id.* at 278.

Thus there is no retroactivity issue. *See* Pet., pp. 11-12. The presumption against retroactivity functions to avoid the unfairness of "imposing new burdens on persons after the fact." *Landgraf v. U.S.I. Film Products*, 114 S. Ct. 1483, 1500 (1994). With respect to court decisions, retroactivity becomes an issue only if a construction "unexpectedly broadens a statute which on its face had been definite and precise." *Bouie*, 378 U.S. at 353 (finding that decision which rejected 95 years of consistent holdings and was clearly at variance with the statutory language deprived criminal defendants of due process). In such circumstances, there is a "deprivation of the right of fair warning." *Id.* at 352. Here, Petitioners had "fair warning" from *Hickman*, the language of the Minnesota Rule which the trial court faithfully applied, and earlier case law holding that similar information was subject to discovery. There is no good-faith argument that the trial court's decision represented a retroactive rewriting of the rules of procedure.[7]

Indeed, the fact that other courts have applied similar work product rules, such as those found in the Federal Rules of Civil Procedure, to reach similar results shows the fairness of the decisions below. *See, e.g., Scovish, In re Shell Oil Refinery* and *Washington Bancorporation, supra.* This "widely shared practice" is a "concrete indicator" of

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[7] Even if the Petitioners' allegations were correct, there would be no due process concerns. Changes in procedural rules are often applied in suits arising before their enactment without raising concerns about retroactivity. *Landsgraf*, 114 S. Ct. at 1502 (there are "diminished reliance interests in matters of procedure").

the fundamental fairness that due process requires. *Schad v. Arizona*, 501 U.S. 624, 640-43 (1991).

Due process means a course of legal proceedings according to those rules and principles which have been established in our system of jurisprudence. *Burnham v. Superior Court of California*, 495 U.S. 604, 609 (1990). Petitioners enjoyed those proceedings in abundance in this case. Only after several rounds of briefing and extensive *ex parte in camera* review of the indices did the trial court order that some be produced and some be redacted. The judgment resulting from these "fair procedures" is entitled to a strong presumption of validity. Indeed, "there are persuasive reasons for suggesting that the presumption should be irrebuttable, or virtually so." *TXO Prod. Corp. v. Alliance Resources Corp.*, 113 S. Ct. 2711, 2720 (1993) (citation omitted).

It is not surprising that the due process decisions on which Petitioners rely have nothing to do with the pretrial exchange of information under rules of civil discovery. *See Honda Motor Co., Ltd. v. Oberg*, 114 S. Ct. 2331 (1994) (amendment prohibiting judicial review of amount of punitive damages violates due process); *Burnham v. Superior Court of California*, 495 U.S. 604 (1990) (exercise of personal jurisdiction based on defendant's presence in state comports with due process); *Brown v. Mississippi*, 297 U.S. 278 (1936) (convictions based on confessions extracted by torture violate due process); *Tumey v. State of Ohio*, 273 U.S. 510 (1927) (conviction by a court with financial interest in gaining conviction is a violation of due process). Issues of discovery are dedicated to the discretion of the trial court. *Erickson v. MacArthur*, 414 N.W.2d 406, 407 (Minn. 1987). Here, the Minnesota courts

exercised their discretion in accordance with their settled procedural rule: after *ex parte in camera* review, the trial judge properly separated opinion work product from ordinary work product and correctly determined that Respondents had shown substantial need for the latter. As long as discretion is exercised within such reasonable constraints, due process is well satisfied. *Pacific Mut. Life Ins. Co. v. Haslip*, 499 U.S. 1, 20 (1991).

B. There Is No "Takings" Issue

Petitioners can point to no case invalidating a discovery procedure, or requiring compensation, on the grounds that the pre-trial exchange of information is somehow a "taking" under the Fifth Amendment.[8] The lack of case law establishing that discovery is a "taking"

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[3] Petitioners claim that some courts "have suggested" that "in some circumstances" court-ordered pretrial discovery can be a "taking." Pet., p. 15 n.4. None of those cases cited by Petitioners are relevant here. Indeed, *St. Jude Medical, Inc. v. Intermedics, Inc.*, 107 F.R.D. 398, 400-01 (D. Minn. 1985), rejected the argument that the disclosure of trade secrets in pre-trial discovery constituted an unconstitutional taking of property. *Grundberg v. Upjohn Co.*, 140 F.R.D. 459, 464 (D. Utah 1991), merely opined without any legal support that disclosure might constitute a taking when nonparties are given access to "personal histories and medical records" of a party. Petitioners also cite cases concerning only the issue of whether compelling a *nonparty* expert to testify would violate Federal Rule of Civil Procedure 45(c)(3)(B), *Arkwright Mut. Ins. Co. v. National Union Fire Ins. Co.*, 148 F.R.D. 552, 557 & n.11 (S.D.W.Va. 1993), or whether ordering production of an expert's computer program materials would violate Federal Rule of Civil Procedure 26(b)(4)(B), *Pearl Brewing Co. v. Jos. Schlitz Brewing Co.*, 415 F. Supp. 1122, 1136, 1138 (S.D. Tex. 1976).

demonstrates that the theory lacks both the substantiality needed to justify review by this Court and substantive merit.

Indeed, *Ruckelshaus v. Monsanto Company*, 467 U.S. 986 (1984), the case upon which Petitioners rely repeatedly, demonstrates that there is no credible constitutional argument. *Monsanto* requires more than the Petitioners' showing that their indices were costly to develop and have been kept confidential from others. Pet., p. 13. Indeed, Petitioners have not even met the *Monsanto* definition of property, having failed to show "from an independent source such as state law" that the objective information from their data bases is "property." By contrast, in *Monsanto*, the defendant showed that the information at issue was a trade secret under Missouri law. *Monsanto*, 467 U.S. at 1002-04. Importantly, it was only to the extent that Monsanto's information was classified as a trade secret under Missouri law that the information was protected by the Fifth Amendment. *Id.*

Even if Petitioners could make a showing of "property," there would be no issue under the Takings Clause. This Court has identified factors to be taken into account when determining whether a governmental action effects a taking. Among those are "the character of the governmental action, its economic impact, and its interference with reasonable investment-backed expectations." *Connolly v. Pension Ben. Guar. Corp.*, 475 U.S. 211, 224-25 (1986); *Monsanto*, 467 U.S. at 1005. These factors show the frivolity of Petitioners' "taking" claims.

First, there is no physical invasion or permanent appropriation of the Petitioners' objective information.

Connolly, 475 U.S. at 225. And it cannot be said that "the Taking Clause is violated whenever legislation requires one person to use his or her assets for the benefit of another." *Id.* at 223. Here, the court simply ordered that limited information be provided, subject to a protective order, to respondents for the purposes of pretrial discovery. Where interference with a property right arises from "a public program" – like the court system – in order to "promote the common good," that interference is rarely a taking. *Id.* at 225. Here, the use of the information will, in the words of *Hickman*, ensure that "civil trials . . . no longer need be carried on in the dark. The way is now clear . . . for the parties to obtain the fullest possible knowledge of the issues and facts before trial." *Hickman*, 329 U.S. at 502.

Second, Petitioners cannot claim an economic impact. All subjective information, such as legal analysis, is redacted under the court's Order and will not be produced. The objective information from Petitioners' databases is not a salable asset, such as the "trade secrets" in *Monsanto*. *See* Gregory Gelfand, " 'Taking' Informational Property Through Discovery," 66 *Wash. U. L.Q.* 703, 709 (1988) ("the key to the taking argument . . . lies in a comparison of the use for which the owner of the property would normally be compensated and the use for which it is being taken by forced disclosure"). The incompatibility of Petitioners' argument with a true "takings" analysis is shown by Petitioners' awkward attempt to extend *Monsanto*'s concern that trade secrets not be transferred to business competitors. *Monsanto*, 467 U.S. at 1012 (voicing concern over loss of "competitive advantage"). Petitioners claim protection against their "competitors in

litigation," a concept unknown to Takings Clause jurisprudence, and in conflict with the fundamental underpinnings of the rules of civil procedure. Pet., p. 17.

Finally, Petitioners must show an investment-backed expectation that the objective information from their databases would not be discoverable. *Monsanto*, 467 U.S. at 1005-06. As this Court established in *Monsanto*, no such expectation could be reasonable where, at the time of submission, legal authority existed to allow submitted data to be disclosed to others. *Id.* at 1006-07 (Monsanto "can hardly argue that its reasonable investment-backed expectations are disturbed when E.P.A. acts to use or disclose data in a manner that was authorized by law at the time of submission"). Likewise, no such expectation can exist where it was well-known that in practice, the information could be disclosed. *Id.* at 1009-10 (there can be no expectation where E.P.A. made it a practice of disseminating disclosed data).

Given the long-honored rule that work product information may be subject to discovery and, indeed, the numerous cases requiring that information very similar to that at issue here be produced, any expectation that the information was immune from discovery was unreasonable. Petitioners may have had a "unilateral expectation or an abstract need" that the objective information from their data bases would not be discoverable. That, however, is insufficient to turn the production of that information into a "taking." *Webb's Fabulous Pharmacies, Inc. v. Beckwith*, 449 U.S. 155, 161 (1980).

CONCLUSION

The Petition should be denied. Petitioners seek review of a correct discretionary state court discovery ruling made under a state rule of civil procedure. The constitutional issues Petitioners raise as purported federal questions are not substantial or sufficiently credible to merit review.

Respectfully submitted,

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April 25, 1996

STATE OF MINNESOTA — DISTRICT COURT

COUNTY OF RAMSEY — SECOND JUDICIAL DISTRICT

Case Type: Other Civil

THE STATE OF MINNESOTA,

BY HUBERT H. HUMPHREY, III,
ITS ATTORNEY GENERAL, — COURT FILE NO. C1-94-8565

and

BLUE CROSS AND BLUE SHIELD
OF MINNESOTA,

Plaintiffs,

vs.

PHILIP MORRIS INCORPORATED,
R.J. REYNOLDS TOBACCO COMPANY,
BROWN & WILLIAMSON TOBACCO CORPORATION,
B.A.T. INDUSTRIES P.L.C.,
LORILLARD TOBACCO COMPANY,
THE AMERICAN TOBACCO COMPANY,
LIGGETT GROUP, INC.,
THE COUNCIL FOR TOBACCO RESEARCH-U.S.A., INC., and
THE TOBACCO INSTITUTE, INC.

Defendants.

CASE MANAGEMENT ORDER

I. GENERAL TERMS OF CASE MANAGEMENT

A. Purpose

The purpose of this Case Management Order is to secure the just, speedy, and inexpensive determination of this action in accordance with Rule 1 of the Minnesota Rules of Civil Procedure. Except as otherwise provided by this Case Management Order or any subsequent order, the Minnesota Rules of Civil Procedure and the General Rules of Practice for the District Courts shall govern this case. This Case Management Order may be modified by the Court *sua sponte* or upon motion of the parties for good cause shown.

B. Substantive Issues of Law

Nothing set forth in this Case Management Order shall be deemed to affect any substantive right, claim, or defense of any party to this matter or constitute any ruling or order on any question of law.

C. Cooperation of Counsel; Non-Waiver of Privilege

Counsel for the respective parties are directed to cooperate to the greatest extent possible to promote the expeditious and efficient handling of these proceedings. Among other things, such cooperation shall include, whenever feasible, the preparation and presentation of joint positions, claims, and defenses by the plaintiffs and

defendants who are aligned on respective sides. To facilitate this cooperation, the exchange or disclosure of information or documents between or among co-counsel for plaintiffs, or between or among co-counsel for defendants, in the course of such joint preparation from August 17, 1994 forward shall not be construed as a waiver of any attorney-client, work-product, or other privilege or any other exemption from any disclosure requirement that may apply to the information or documents so exchanged or disclosed.

A Special Master may be appointed by the Court during the period of discovery.

D. Status Conferences

Except as otherwise ordered or agreed among the parties, general status conferences shall be held on the first Tuesday of every other month, commencing two (2) months following the May 2, 1995 hearing date. The conferences will commence at 9:30 A.M. Any party can request of the Court additional status conferences as needed. Counsel shall use their best efforts to prepare a status conference agenda to be filed five days prior to the conference date.

E. Hearing Dates

Motion hearing dates under Rule 115.02 of the General Rules of Practice for the District Courts shall be obtained directly from the clerk of the presiding judge after consultation with Administrative Liaison Counsel for both plaintiffs and defendants.

F. Administrative Liaison Counsel

The plaintiffs and defendants shall each appoint two Administrative Liaison Counsel. Defendants shall appoint one Minnesota counsel and one national counsel to serve as Administrative Liaison Counsel. The Administrative Liaison Counsel or their designee(s) are vested by this Court with the responsibility:

1. To receive orders, notices, and correspondence from the Court and the District Court Administrator on any matter pertaining to this case, and notify all counsel for whom they serve as Administrative Liaison Counsel of all such orders, notices and correspondence from the Court; and

2. To perform such other duties as may be expressly authorized by further order of this Court or agreed to by counsel for all parties.

G. Pro Hac Vice Admission of Counsel

Attorneys who apply to this Court for pro hac vice admission in this case shall agree to abide by the Minnesota Rules of Professional Conduct and subject themselves to the jurisdiction of this Court for the pendency of this action. See Rule 5, General Rules of Practice for District Courts.

H. Document Preservation

The parties to this action shall be bound by the Amended Order for Preservation of Documents entered in the *Castano* case, a copy of which is attached hereto as Exhibit 1, as well as the following provisions regarding

the preservation of documents. Both the attached *Castano* order and the following additional provisions shall be enforceable in this Court.

1. For these purposes, the phrase " . . . documents containing information that may be relevant to, or may lead to the discovery of information relevant to . . . any claim of the plaintiffs in this case, any defense urged by the defendants in this case . . . " found in paragraph 2(b) of the *Castano* order, shall be deemed to refer to the claims and defenses in the matter of *The State of Minnesota, et al. v. Philip Morris, et al.*

2. To the extent that it is a normal business practice of any party to transfer documents to microfilm, it will not be a violation of this Order to do so and to discard the originals on the express condition that no document is destroyed or doctored before it is fully and accurately transcribed to microfilm.

3. Medical records, x-rays, MRI films, CT scans and other such medical reports and diagnostic films, relating to individual patient care, obtained by the parties to this litigation from third-party health care providers may be discarded pursuant to existing retention policies in effect as of August 1, 1994, unless such documents are obtained for the purposes of this litigation.

4. Except to the extent that outside counsel acts as custodian for documents: (a) once in the possession or control of a party, but no longer in the party's possession or control, or (b) generated in connection with scientific research relating to smoking and health and in connection with outside counsel's participation in selecting or

retaining scientists and/or generating, directing or supervising such scientific research for or on behalf of one or more of the parties, this Order shall not apply to the files of outside counsel.

5. Each party is responsible for complying with this Order (as defined in Exhibit 1 and the Case Management Order) as to documents in that party's actual or constructive care, custody and control; and is also responsible to take appropriate steps to seek the preservation of documents (as defined in Exhibit 1 and the Case Management Order) as to which a party at one time retained and stored in its possession but later decided to transfer its only copy to a corporate affiliate or a third party.

6. In addition to the obligation of the parties to retain documents as set forth in paragraph 2(b) of the *Castano* order, the obligations of Minn. R. Civ. P. Rule 26.05 and Minn. R. Prof. Cond. Rules 3.4 and 8.4 apply and provided further, that the parties will preserve periodic and final reports, final memoranda, patent applications, publications by the parties' scientists, and laboratory notes or notebooks concerning research which may have been conducted at any time after March 29, 1994, and which may hereafter be conducted on (a) smoking and health, including but not limited to epidemiological studies and animal studies; (b) the alleged "addictive" properties of nicotine; and (c) the development of an allegedly "safer cigarette."

I. Service Of Pleadings, Motions, And Briefs

All pleadings, motions, and briefs shall be served by hand-delivery on local counsel no later than 5 p.m. on the

date the pleading, motion, or brief is due. In addition to the required filing of the originals with the clerk, all parties are encouraged to submit proposed findings, memoranda, and orders on 3½ inch computer diskettes formatted for Wordperfect 5.1 for Dos.

II. INCREMENTAL CASE MANAGEMENT

The case shall be managed on an Incremental Case Management basis and proceed according to the following general provisions and schedule:

A. Motions on the Pleadings

All motions on the pleadings under Rule 12 of the Minnesota Rules of Civil Procedure must have been filed with the Court on or before January 26, 1995.

B. Commencement of Discovery

Except as to expert discovery, which is addressed in Section III.F., written discovery on all claims and defenses remaining in the case following the Court's rulings on the Rule 12 motions shall commence thirty (30) days after the Court has ruled on all of the Rule 12 motions. Other than as set forth in the Minnesota Rules of Civil Procedure or by order of this Court, there shall be no limitation as to the subject of discovery.

C. Form of Discovery

The parties shall be free to serve written discovery as soon as the discovery period begins. No depositions shall

be scheduled except by agreement of the parties or by order of the Court. The parties shall meet and confer no later than six months after the commencement of written discovery to exchange proposals regarding the taking of fact depositions in this case, which proposals shall include the timing and scheduling of such depositions and all other issues regarding depositions in this case.

D. Dispositive Motions

Any motions for summary judgment or other motions that parties seek to file after discovery begins shall be filed no later than sixty (60) days after the conclusion of all discovery.

E. Trial

This matter shall be tried to a jury on all of the issues pled in the complaint which are so triable and shall be set for trial during the calendar year 1998. At a time no later than eight (8) months before the conclusion of discovery, the parties shall meet and confer to discuss pretrial matters and propose a pretrial management schedule to the Court, including a schedule for the exchange of witness lists, exhibit lists, the filing of motions in limine and dispositive motions and other such pretrial issues. At that time, the parties will propose a more specific trial date setting in 1998 to the Court for its consideration.

III. INCREMENTAL DISCOVERY MANAGEMENT

A. Joint Discovery

It shall be the general rule in this case that all discovery generic to issues of liability and damages shall be conducted jointly by the plaintiffs as a group and by the defendants as a group, including interrogatories, document requests, requests for admission, and depositions. If a party objects to an opposing party's conducting discovery independent of the other opposing parties, the parties shall meet and confer before applying to the Court for relief.

B. Discovery Relating to the Motion of B.A.T. Industries p.l.c. to Dismiss the Complaint

1. In accordance with the Court's order of December 30, 1994, the Court's decision on the pending motion of B.A.T. Industries p.l.c. to dismiss the Complaint for lack of personal jurisdiction is stayed pending discovery relating to the factual issues necessary to the Court's determination of the motion. All other discovery as against B.A.T. Industries p.l.c. is stayed during the pendency of the motion.

2. The jurisdictional discovery set forth above shall be commenced and completed within 180 days from the date upon which the Court has ruled upon all of the Motions for Judgment on the Pleadings filed in accordance with paragraph 2 of the Court's order of December 30, 1994. Any discovery dispute which results in any delay in this jurisdictional discovery shall automatically toll the 180-day discovery period for an amount of time

equal to the delay in resolving the dispute, absent a ruling of the Court that for good cause shown there shall be no tolling or that tolling shall be limited. Notwithstanding other provisions of this Case Management Order, all time periods as set forth in the Minnesota Rules of Civil Procedure shall apply to this discovery, unless otherwise agreed.

3. Within 30 days (30) days after the expiration of the jurisdictional discovery period, B.A.T. Industries p.l.c. shall file a brief and any supporting papers in further support of its motion. Plaintiffs shall file a responsive brief and any supporting papers within 30 days following service of B.A.T. Industries p.l.c.'s papers. B.A.T. Industries p.l.c. shall file its reply brief and any supporting papers within 15 days following service of plaintiffs' responsive papers. The Court will schedule a hearing on the motion to take place on a date subsequent to the filing of all such papers.

4. Neither paragraphs 2 and 3 of the Court's order of December 30, 1994 nor the provisions of this Case Management Order relating to Motions for Judgment on the Pleadings shall apply to such motions that may be made by or against B.A.T. Industries p.l.c. However, should B.A.T Industries p.l.c. interpose a responsive pleading, plaintiffs and B.A.T. Industries p.l.c. agree to be bound by rulings made on "generic" issues (*i.e.*, legal issues of uniform application regardless of a party's identity or status) presented in the Motions for Judgment on the Pleadings brought pursuant to the Court's order of December 30, 1994, while reserving their rights to seek adjudication of any unique issues presented by their respective pleadings.

C. Interrogatories

1. *Number of Interrogatories:* Plaintiffs shall answer no more than 40 interrogatories; Defendant's shall answer no more than 60 interrogatories, including subparts, with the exception of interrogatories seeking the following information:

(a) the identity of witnesses;

(b) the location, identity and foundation of documents; or

(c) the corporate structure, organization, and interrelationships among the parties and affiliates.

2. *Expansion of Interrogatory Limits:* The limit on interrogatories may be expanded by the Court upon a showing of good cause or by agreement of the party from whom the discovery is sought to be obtained.

3. *Contention Interrogatories:* Contention interrogatories shall not be permitted in this case except by leave of the Court.

D. Document Production.

1. *Technology For Document Production:* The plaintiffs and defendants shall each appoint a technology liaison manager who will work in conjunction with a court appointed technology expert to determine the appropriate technology to be used for the production of documents. Regardless of the technology used, all parties, upon a representation that good cause exists, shall have reasonable access to the original paper copies of such documents so identified. If the producing party objects to

providing such access to the original paper copies, the moving party shall present its showing of good cause to the court, ex parte and in camera.

2. *Protective Order*

The parties shall meet and confer on a Protective Order that shall govern the use of documents produced in this litigation. The Court shall resolve any remaining disputes before any party is obliged to produce documents.

3. *Copies*

Unless a party raises the objection of undue burden in which event the matter shall promptly be submitted to the Court (unless the parties otherwise resolve the issue), all copies of any particular document must be produced, including but not limited to drafts, blind copies, written copies, routing slips, copies of the front of folders and labels on the folders which contain the documents in the files of the parties. However, identical copies of a document which contain no distinguishing marginalia or other distinguishing feature need not be produced.

4. *Document Numbering*

Any party producing documents shall number all produced documents as provided herein. Copies of any produced documents shall be marked by the producing party with an identifying number using a Bates stamp, computerized label, or similar marking system that provides a unique identification number of the document. An explanation of the numbering system – which shall

allow identification of which party produced which documents – shall be provided by the producing party. Documents produced by non-parties shall be numbered with a comparable identification system.

The identifying number assigned to the document shall be used to identify the document for all subsequent pretrial and discovery purposes, provided that once a document has been assigned a deposition exhibit number, it may be cited by such exhibit number.

5. *Document Indexes*

Each party shall produce an index of documents along with the production of its documents, to the extent that each party has an existing index of the documents. To the extent that a party does not have an existing index at the time of production, such index shall be produced at the time it may be created. Such indexes shall include only objective information, such as author, recipient, date, and title of documents and shall not include any subjective information which may be arguably protected by the attorney-client or work product privileges.

6. *Identity of Responsive Request*

Each party shall produce documents to correspond to the appropriate categories in the request for production. If a document is responsive to more than one request, the producing party shall so indicate, unless unduly burdensome to do so.

7. *Privileged Documents* Any document withheld from production based upon a claim of privilege shall be identified in a privilege log which shall include, for each document:

(a) Document production number;

(b) Date;

(c) Author;

(d) Addressees and recipients of copies;

(e) Type of document;

(f) Subject matter of document;

(g) Nature of claimed privilege (e.g. attorney-client; work product).

Such identification of privileged documents shall designate specifically the document request number(s) to which the privileged documents are responsive.

The privilege log shall include all documents withheld from production on grounds of privilege and otherwise responsive to a request for production, including but not limited to documents generated by in-house counsel. The privilege log shall also include documents generated by or in the possession of outside counsel but only to the extent that the request seeks documents over which outside counsel act as custodian which were once in the possession or control of a party but are no longer in the party's possession or control. At such time, however, that plaintiffs request documents generated by or in the possession of outside counsel which relate to research on smoking and health where outside counsel acted as an agent for or on behalf of one or more of the parties, to the extent that such documents are not available from the parties' own files, the parties agree to promptly meet and confer, discuss the scope of the request and seek early resolution of any dispute which might arise as to the

production of such documents or the identification of such documents on the privilege log.

The privilege log need not list attorney-client or work product privileged documents first created on or after August 17, 1994 for this case specifically unless ordered by the Court.

No non-privileged document shall be withheld from production solely on the ground that it is attached or appended to a privileged document.

8. *Redaction of Documents*

There shall be no redaction of documents except on the basis of privilege or pursuant to a Protective Order agreed upon by the parties or ordered by the Court. If redacted, the document must be marked as redacted in the location of the document where it is redacted. Each and every redaction shall be listed in the privilege log unless otherwise agreed to by counsel or ordered by the Court.

9. *Representations Concerning Production of All Documents*

Any document authored by an employee of a party and produced by the party during the course of this litigation is, in the form produced during discovery, genuine, authentic, and a record of regularly-conducted business activities within the hearsay exception set forth in Rule 803(6) of the Minnesota Rules of Evidence, unless the producing party asserts an objection to the foundation of the document within thirty days of the production of the document, or upon application to the Court for good cause shown.

10. *Third-Party Documents*

Any party requesting documents from a third party (not a party to this action) through a subpoena shall insure that all parties in this action are notified of and have access to such documents.

11. *Inadvertent Production of Privileged Material*

A party responding to any request for discovery information shall be responsible to make a reasonable and diligent effort to assert any claims of attorney-client privilege, work-product protection or other recognized privilege when responding to any request for discovery information. However, in the interest of expediting discovery in these proceedings and avoiding unnecessary costs: (a) inadvertent disclosure in this litigation of privileged information shall not constitute a waiver of any otherwise valid claim of privilege; and (b) failure to assert a privilege in this litigation as to one document or communication shall not be deemed to constitute a waiver of the privilege as to any other document or communication allegedly so protected, even involving the same subject matter. Unless there is a disagreement among the parties as to the existence of a privilege, such inadvertently produced documents shall be promptly returned to the producing party, together with all copies thereof. Nothing in this paragraph shall preclude any party from challenging a claim of privilege as to any document on any basis other than an inadvertent waiver of privilege.

12. *Minnesota Government Data Practices Act, Minn. Stat. § 13.01 et. seq.*

Defendants are not prohibited from obtaining information under the Minnesota Data Practices Act. Defendants shall notify plaintiffs after obtaining such information and provide plaintiffs a listing of documents obtained under the Act.

13. *Scheduling of Responses to Document Requests Other Than Discovery Relating to the Motion of B.A.T. Industries P.L.C. to dismiss the Complaint*

It is agreed in principle that certain categories of priority documents can be identified for an early production.

With respect to the remaining production of documents, the parties will meet and confer within two weeks after the service of a request for production of documents to discuss, for documents for which there is no objection to production, an estimate of the volume of documents which would be responsive and the timing of production. Within forty-five (45) days of service of any document request, the party from whom production is requested shall file and serve all written objections, including the basis for the objections, to the document request. Within this time frame, the parties shall also meet and confer and formulate a response plan. The response plan shall, at a minimum, address the following issues: (i) an estimate of the number of documents which will be produced, (ii) the logistics for production of the documents; (iii) a proposed place of production; (iv) the manner of numbering of the documents to be produced; and (v) dates for the production of documents and submission of an appropriate privilege log (as described herein in ¶ III.D.7).

E. Requests For Admissions

There shall be no limitation on the number of requests for admissions served in this case; provided, however, that nothing herein shall preclude a party from moving for an appropriate protective order.

F. Expert Discovery

The Court shall determine by subsequent order all matters pertaining to expert discovery. The parties shall meet and confer no later than December 1, 1995, to exchange proposals regarding expert discovery, which proposals shall include the manner and scope of expert discovery and the timing and sequence of expert discovery. A hearing before the Court shall be scheduled in early 1996 to resolve any differences between the parties regarding expert discovery.

Dated: March 29, 1995.

/s/ Kenneth J. Fitzpatrick
The Honorable Kenneth J. Fitzpatrick
Judge of District Court

EXHIBIT A

UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF LOUISIANA

DIANNE CASTANO, et al.,	*	CIVIL ACTION
Plaintiffs,	*	NO. 94-1044
VERSUS	*	SECTION "B"
THE AMERICAN TOBACCO CO., et al.,	*	MAGISTRATE 5
Defendants.	*	

****

AMENDED ORDER FOR PRESERVATION OF RECORDS

The Order for Preservation of Records, entered April 18, 1994, is hereby AMEMDED [sic] to read as follows:

1. PRESERVATION. During the pendency of this litigation, and until a final order is entered by the Court closing this case, each of the parties herein and their respective officers, agents, servants, employees, and attorneys, and all persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise are restrained and enjoined from altering, interlining, destroying, permitting the destruction of, or in any other fashion changing any "document" in the actual or constructive care, custody, or control of such person, wherever such document is physically located. Such persons are also enjoined from changing the location of any such documents to a location outside of the jurisdiction of the United States.

2. SCOPE.

(a) "Document" shall mean any writing, drawing, film, videotape, chart, photograph, phonograph record, tape record, mechanical or electronic sound recording or transcript thereof, retrievable data (whether carded, taped, coded, electrostatically or electromagnetically recorded, or otherwise), or other data compilation from which information can be obtained, including (but not limited to) notices, memoranda, diaries, minutes, purchase records, purchase invoices, market data, correspondence, computer storage tapes, computer storage cards or discs, books, journals, ledgers, statements, reports, invoices, bills, vouchers, worksheets, jottings, notes, letters, abstracts, audits, charts, checks, diagrams, drafts, recordings, instructions, lists, logs, orders, recitals, telegram messages, telephone bills and logs, resumes, summaries, compilations, computations and other formal and informal writings or tangible preservations of information.

(b) This Order pertains only to documents containing information that may be relevant to, or may lead to the discovery of information relevant to, (1) manufacturing methodology, testing, and/or composition and properties of tobacco, tobacco products, paper, filters, or any other materials contained in, relating to, or used in the manufacturing, testing, and/or composition and properties of tobacco and tobacco products; and (2) any claim of the plaintiffs in this case, any defense urged by the defendants in this case, and/or plaintiffs' request for class certification in this case. This order pertains only to documents which were written or generated from January 1, 1946 until March 29, 1994. Any document described or

referred to in any discovery request made during this litigation and which otherwise is encompassed by this subparagraph (b) shall, from the time of the request, be treated for purposes of this order as containing such information unless and until the Court rules such information to be irrelevant. Nothing contained herein shall prevent a party from seeking to modify, expand, or restrict the scope of the documents described in this Paragraph 2(b) by consultation and agreement with opposing counsel or by application to the Court; and all parties reserve all of their rights in connection with any such requests.

(c) Counsel are directed to confer to resolve questions as to what documents are outside the scope of this Order or otherwise need not be preserved and as to an earlier date for permissible destruction of particular categories of documents. If counsel are unable to agree, any party may apply to the Court for clarification or relief from this Order upon reasonable notice. A party which, within 30 days after receiving written notice from another party that specified documents will be destroyed, lost, or otherwise altered pursuant to routine policies and programs, fails to indicate in writing its objection shall be deemed to have agreed to such destruction.

3. **IMPLEMENTATION.** Each party will, within 10 days after receiving this Order, designate an individual who shall be responsible for ensuring that the party carries out the requirements of this Order.

4. **AGREEMENT OF COUNSEL.** Without leave of Court, Liaison Counsel for plaintiffs and for defendants may agree in writing, at any time and from time to time,

that certain documents or categories of documents need not preserved in accordance with this Order. If any such agreement is reached, those documents or categories of documents automatically and without further order of the Court shall no longer be encompassed by or subject to this Order.

New Orleans, Louisiana, this 5th day of July, 1994.

/s/ _____
Judge, United States
District Court

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STATE OF MINNESOTA
COUNTY OF RAMSEY

DISTRICT COURT
SECOND JUDICIAL DISTRICT
FILE # C1-94-8565

The State of Minnesota
By Hubert H. Humphrey, III,
Its Attorney General, and
Blue Cross and Blue Shield
of Minnesota,

Plaintiffs,

vs.

Philip Morris Incorporated,
R.J. Reynolds Tobacco Company,
Brown and Williamson Tobacco
Corporation, B.A.T. Industries,
P.L.C., Lorillard Tobacco
Company, The American Tobacco
Company, Liggett Group, Inc.,
The Council For Tobacco
Research – U.S.A., Inc.,
and The Tobacco Institute,

Defendants.

ORDER

(Filed
July 17, 1995)

The above matter came on for a regularly scheduled general status conference before the Honorable Kenneth J. Fitzpatrick on July 11, 1995, pursuant to the Case Management Order dated March 29, 1995. Michael V. Ciresi, Esq., appeared and argued on behalf of Plaintiffs. Allen M. Katz, Esq., appeared and argued on behalf of Defendants Philip Morris Incorporated, R.J. Reynolds Tobacco Company, Brown and Williamson Tobacco Corporation,

Lorillard Tobacco Company, The American Tobacco Company, Liggett Group, Inc., The Council For Tobacco Research – U.S.A., Inc., and The Tobacco Institute. Additional counsel also appeared, but did not argue, on behalf of the parties.

Based on the file, arguments, and representations of counsel

IT IS HEREBY ORDERED:

1. Pursuant to agreement of Plaintiffs and B.A.T. Industries, p.l.c., the time limits for jurisdictional discovery relating to the Motion of B.A.T. Industries, p.l.c., to Dismiss shall be tolled beginning June 21, 1995.

2. Special Master. Plaintiffs' request for a Special Master is DENIED at this time. The court cautions the parties, however, that it may at any time, on its own motion, decide to appoint a Referee pursuant to Minn. R. Civ. P. 53, particularly if despite the court's admonishment the parties persist in bringing matters of a minute nature before the court.

3. Document Depositories.

A. One depository located within thirty (30) miles of the Minneapolis/St. Paul International Airport shall be established for timely and efficient control and management of discovery in this action. All documents produced by any party to this action shall be deposited therein. Within thirty (30) days of this order, the parties shall inform the court of their chosen site, along with mutually agreed upon vendors

of security, maintenance, copying, imaging, and administrative/staff support.

B. The depository shall be open for inspection of documents from 8 a.m. to 8 p.m., Monday through Friday, at the request of any party on written notice of five business days, unless the parties agree or the Court orders expanded or reduced hours. Each person entering the warehouse shall be required to identify himself or herself, by law firm and party represented, and sign in on a registration log.

C. All parties with access to the depository shall be allowed to view the entire depository at any time during which the depository is open and to select any box or group of boxes for immediate review. The depository staff mutually selected by the parties or appointed by the Court shall have the sole authority to physically remove the requested boxes from the depository shelves for viewing by an authorized party and to replace the requested boxes back on the depository shelves after viewing by the authorized party.

D. The cost of placing documents requested for production into the depository shall be borne by the party producing the documents. The administrative costs and expenses of operating the depository shall be allocated among the parties on a pro-rata basis determined by use of the facility.

E. The cost of copying or imaging selected documents from the depository shall be borne by the party requesting the copying or imaging of the selected documents. The party selecting the documents shall choose the method of copying or imaging. The copying or imaging shall be

performed by the vendor(s) selected by the parties or appointed by the court. All documents duplicated or imaged for the requesting party shall be copied or imaged off of the actual documents in the depository and not from documents maintained at a different location, absent agreement of the parties or order of the Court.

F. Regardless of the manner of copying or imaging, the producing party shall be entitled to receive a record of which documents have been copied or imaged by the requesting party, or a duplicate set of the copies shall be provided to the producing party upon its request and at its expense.

G. Regardless of the manner of copying or imaging, a requesting party shall have the right to designate a reasonable number of documents each day for immediate copying and delivery. At the election of the producing party, this may be accomplished either by providing a convenience copier in the depository for use by the requesting party, or if copying is to be performed off-site, by making appropriate arrangements for the delivery of the requested documents by air courier or hand delivery within one business day.

H. All documents in the depository shall be Bates numbered in accordance with the Case Management Order and shall be placed in numbered boxes. Each box shall be labeled with a box number and the beginning and ending of Bates numbers of documents contained therein, with the labels clearly visible for viewing by walk-by inspection. In addition, the party operating the depository shall maintain a list in each box of each and every document contained

within each box, as well as a master list maintained in the depository and distributed to all other parities [sic] of each and every document in each box. Such lists shall be updated as necessary.

I. The producing party shall notify all other parties in writing within 48 hours of the placement of documents in the depository. The identification of documents in such notice shall include the Bates numbers of the documents, the box numbers, and the document requests to which the documents are responsive (in accordance with the Case Management Order).

J. The staff operating the depository shall maintain a written guide to the location of documents in the depository, for example, a guide to the location of documents by box and Bates numbers.

K. The staff operating the depository shall maintain at the depository copies of all privilege logs and written document responses from a party in this litigation.

L. Once placed in the depository, documents shall not be removed from the depository, renumbered, reboxed, or moved to a different location of the depository, absent agreement of the parties or order of the Court; provided, however, that:

(I) Documents may be removed from the depository for the purpose of making copies or images as requested by the reviewing party;

(ii) Documents may be reboxed or moved to a different location of the depository in order to keep documents in sequential Bates-numbered order as new documents are placed in the depository; however, any reboxing or moving done pursuant to this subparagraph shall be accompanied by immediate (48 hours) and explicit notice to all other parties of new Bates numbers, new box numbers, and new locations. Where it is more convenient to do so, in lieu of reboxing to keep documents in sequential order, a party may place later-produced documents in a box supplemental to the original box. For example, if box 1 has a Bates-number range of 100 to 500 and later produced documents belong in that box, these documents may be placed in box 1A and placed next to box 1.

M. The depository shall have at least one telephone and one dedicated line for computers.

N. Computer versions of documents shall not be transmitted from the depository itself. The receiving party shall have the right, for any depository document for which it has received a copy pursuant to this order, to transmit the document via computer from any other location to any person authorized to receive the document.

O. The depository shall be reasonably heated and air conditioned and have restroom facilities on site.

P. The depository shall be equipped with tables and chairs to serve as a work space for persons reviewing documents. This work space shall be contiguous with (under the same roof as) the storage area for documents.

4. Document Indexes.

A. Existing Indexes: To the extent that any party has previously prepared or produced any index of documents relative to the subject matter of this action, said party shall immediately produce such existing index to the opposing party; provided, however, that if the producing party claims an existing index contains subjective information protected by the attorney-client or work product privileges, it shall submit such index to the court for *in camera* inspection and determination.

B. Indexing Upon Production. All parties shall, in conformance with the Case Management Order and this order, provide an index to the documents produced in discovery. Said index shall be provided along with the documents produced. Each such index shall contain at least the following standard information with respect to each document produced:

(I) Author(s) of document;

(ii) Recipient(s) of document, including those receiving copies;

(iii) Date of document;

(iv) Type of document (e.g., memo, letter, news release, pamphlet, etc.);

(v) Title of document (e.g., title, subject, or "re" line, etc.); and

(vi) Bates identification number.

5. Computer-Assisted Litigation Management Technology. The parties shall within ten (10) days of this order inform the court of their progress with respect to

choice of computer-assisted litigation management technology, such as CLAD. Absent the parties' agreement, the court shall determine this matter for efficient management of this action.

DATED: July 14, 1995

/s/ Kenneth J. Fitzpatrick
Kenneth J. Fitzpatrick
CHIEF JUDGE

STATE OF MINNESOTA
COUNTY OF RAMSEY

DISTRICT COURT
SECOND JUDICIAL DISTRICT

The State of Minnesota By Hubert Humphrey, III, Its Attorney General, and Blue Cross and Blue Shield of Minnesota,

Plaintiffs,

vs.

Philip Morris Incorporated, R.J. Reynolds Tobacco Company, Brown and Williamson Tobacco Corporation, B.A.T. Industries, P.L.C., Lorillard Tobacco Company, The American Tobacco Company, Liggett Group, Inc., The Council For Tobacco Research – U.S.A., Inc., and The Tobacco Institute,

Defendants.

FILED #C1-94-8565

ORDER

(Filed Aug. 10, 1995)

WHEREAS, the parties acknowledge that certain indices (also called "databases") exist which identify documents relative to the above-captioned matter;

WHEREAS, Plaintiffs have provided the Court a copy of what they purport to be their complete existing indices, both in paper and in ASCII form on 3.5 inch computer disk, requesting in camera review and seeking

the court's order protecting specifically identified material from disclosure to Defendants;

WHEREAS, Defendants have requested an ex parte hearing with respect to disclosure of their existing indices, seeking the court's order protecting currently unidentified information from disclosure to Plaintiffs;

WHEREAS, the parties have not provided copies of any existing indices to opposing counsel;

IT IS HEREBY ORDERED:

1. If not already provided, each party shall submit a copy of all existing indices to the Court for *in camera* review. Such indices shall be in the form of ASCII or WordPerfect 5.0/5.1 documents on 3.5 inch disk and, unless too voluminous, in the form of "hardcopy" or "paper" as well.

2. If not previously identified, each party shall identify the specific information it seeks to protect from disclosure for *in camera* review.

3. Each party shall file and serve a legal memorandum specifically identifying the nature of the information it seeks to protect from disclosure and legal argument and authorities supporting that argument. General discourses on the work product or attorney/client privilege theories, without reference to specific information, are discouraged. Each such memorandum shall be limited to twenty (20) pages and must be filed and served no later than five (5) days from the date of this Order.

4. Each party may file and serve a response in opposition to the other parties' memorandum; however,

such response shall be limited to ten (10) pages and must be filed and served no later than three (3) days from the date of service of the other parties' memorandum.

DATED: August 10, 1995

/s/ Kenneth J. Fitzpatrick
Kenneth J. Fitzpatrick
CHIEF JUDGE

STATE OF MINNESOTA
COUNTY OF RAMSEY

DISTRICT COURT
SECOND JUDICIAL DISTRICT

FILED #C1-94-8565

The State of Minnesota By Hubert Humphrey, III, Its Attorney General, and Blue Cross and Blue Shield of Minnesota,

Plaintiffs,

vs.

Philip Morris Incorporated, R.J. Reynolds Tobacco Company, Brown and Williamson Tobacco Corporation, B.A.T. Industries, P.L.C., Lorillard Tobacco Company, The American Tobacco Company, Liggett Group, Inc., The Council For Tobacco Research – U.S.A., Inc., and The Tobacco Institute,

Defendants.

ORDER

(Filed Aug. 17, 1995)

This matter came before the Court upon the motion of Defendants R.J. Reynolds Tobacco Company, Philip Morris Incorporated, Brown & Williamson Tobacco Corporation, Lorillard Tobacco Company, The American Tobacco Company, Liggett Group, Inc., and The Tobacco Institute, Inc. to modify the Court's August 10, 1995 Order.

WHEREAS, the matter of the production of existing indices, whether called "indexes," "databases," or some other related term, has come before this Court numerous times; and

WHEREAS, this Court has addressed the production of existing indices and databases in its Orders dated March 29, 1995, July 17, 1995, and August 10, 1995;

NOW, THEREFORE, based upon all of the memoranda, affidavits, and materials on file with the Court, as well as previous arguments related to discovery in this action

IT IS HEREBY ORDERED:

1. Defendants R.J. Reynolds Tobacco Company, Philip Morris Incorporated, Brown & Williamson Tobacco Corporation, Lorillard Tobacco Company, and The American Tobacco Company are not required to produce full copies of all existing indices to the Court for *in camera* review at this time but instead may comply with the Court's August 10, 1995, Order by furnishing one or more exemplar discs of each and every existing litigation index and database *no later than ten days from the date of this Order.*

2. Each exemplar disc shall contain a random and representative sample of at least one thousand records of each such index or database. Each field, classification, grouping, and category of information in each existing index or database shall be listed and represented by a minimum of two hundred records. Defendants named in paragraph 1 above shall submit with each exemplar disc

an explanation, under oath, about which portions of each index or database were reproduced and how they were selected, as well as attesting to compliance with the terms of this Order and the August 10, 1995, Order as modified herein.

3. A "hard copy" or "paper" printout of the contents of each such exemplar disc shall be produced, with the information sought to be protected specifically identified.

4. Except as expressly stated herein, the Court's Order of August 10, 1995, remains in full force and effect.

5. Nothing in this Order shall limit or restrict the parties' opportunities to depose each person who submitted affidavits in support of Defendants' Motion to Modify the August 10, 1995, Order and each person who shall submit affidavits required in paragraph 2 above.

6. The Court's Order of August 10, 1995, remains in full force and effect in its entirety with respect to the Plaintiffs, B.A.T. Industries, P.L.C., Liggett Group, Inc., The Tobacco Institute, Inc., and The Council for Tobacco Research – U.S.A., Inc. Plaintiffs, B.A.T. Industries, P.L.C., and The Council for Tobacco Research – U.S.A., Inc., sought no modification of the August 10, 1995, Order. Liggett Group, Inc., and The Tobacco Institute, Inc., although joining in the motion for modification, have made no showing that full compliance with the Order would be unduly burdensome or expensive.

DATED: August 16, 1995

/s/ Kenneth J. Fitzpatrick
Kenneth J. Fitzpatrick
CHIEF JUDGE

Supreme Court, U.S.
FILED
MAY 8 1996
CLERK

No. 95-1611

IN THE

Supreme Court of the United States

OCTOBER TERM, 1995

R.J. REYNOLDS TOBACCO COMPANY,
PHILIP MORRIS INCORPORATED,
BROWN & WILLIAMSON TOBACCO CORPORATION,
LIGGETT GROUP, INC.,
LORILLARD TOBACCO COMPANY,
THE COUNCIL FOR TOBACCO
RESEARCH - U.S.A., INC.,
AND THE TOBACCO INSTITUTE, INC.
Petitioners,

v.

THE STATE OF MINNESOTA,
BY HUBERT H. HUMPHREY, III,
ITS ATTORNEY GENERAL,
AND BLUE CROSS AND BLUE SHIELD OF MINNESOTA,
Respondents.

On Petition for a Writ of Certiorari to the Supreme Court of Minnesota and the Court of Appeals of Minnesota

PETITIONERS' REPLY BRIEF

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REPLY BRIEF

Respondents' several efforts to minimize the significance and need for this Court's review of the decision of the Minnesota courts are unpersuasive. Their principal argument, Brief in Opp. ("Opp.") at 6-12, is that the decision below arises from a discovery dispute that was resolved by an *ad hoc* and fact-specific balancing of particular factors, and thus could not possibly be of interest to this Court:

> The court calculated the burden caused by Petitioners' massive anticipated document production, the burden posed by requiring Respondents to create new and separate identifying information, and whether there was an equivalent substitute for the objective content of the indices.

Opp. at 5.

This accurate characterization of the decision below — which rested entirely on the cost and inconvenience placed on respondents by requiring them to create their own litigation support tools — aptly demonstrates why the decision demands the review of this Court. That review would focus not on the particular balance that the lower courts struck. It would instead focus on whether the very act of balancing under these circumstances offends the core principle of the work product doctrine — that the cost and inconvenience of doing one's own work do not entitle one to share the fruits of an adversary's efforts — and thereby also offends the Due Process Clause, the Taking Clause, or both.

If one thing has been clear since this Court's decision in *Hickman v. Taylor*, 329 U.S. 495 (1947), it is that a party may not litigate its case "either without wits or on wits borrowed from the adversary" — even if it would be much cheaper and easier to do so. *Id.* at 516 (Jackson, J., concurring). Thus, a court does not properly consider abrogating the work product protection based on a balancing of interests where, as here, the moving party seeks nothing more than the benefit of an adversary's hard work. Something more, like the unavailability of evidence except through the review of work product, is required to trigger the balancing that was engaged in by the trial court here.

Respondents have made no showing that there is even a single discoverable fact that will be unavailable to them if they are denied access to the databases, and any such assertion would run counter to common sense. The databases in issue here are non-evidentiary indices of information drawn from documents — lawyers' tools for litigation management and accessing of evidence. The potential evidence itself — the documents from which the databases have been prepared — continues to exist and is subject to disclosure as appropriate in the normal course of discovery.

The issues to be resolved by this Court include whether petitioners' investment of millions of dollars in the databases in reliance on the work product rule gave them a property interest in the confidentiality of the databases, and whether the lower courts so severely altered that rule in the course of this litigation as to deprive petitioners both of property without just compensation, and of due process in the litigation of the case. Petitioners submit that the compelled disclosure of such litigation support tools, without any assertion that information that could be obtained from them is otherwise unavailable, so far departs from the letter and construction of the work product rule as to constitute a violation of the Due Process and Takings Clauses.

While characterizing petitioners' constitutional arguments as "fanciful," Opp. at 13, respondents appear to concede that those same arguments would have substantial merit if, in fact, information of the sort at issue here was, "under *every* circumstance, absolutely protected from discovery by the work product doctrine." Opp. at 8. Respondents argue that if such information is ever held to be discoverable by even one trial court, then petitioners have the "fair warning" required by due process, and thus cannot have any reasonable expectation that the information would be protected against disclosure.

It is, of course, true that any jurisdiction could act prospectively to alter — or eliminate entirely — its work product rule and that once that action were taken, parties acting under the rule as modified could not claim a reasonable expectation that the

old rule would be applied to them. It is also possible that the decision of the Minnesota courts might turn out to be the beginning of such a remaking of the law, if future courts were to adhere to the principle announced below that non-evidentiary litigation databases are disclosable to an adversary simply based on the cost and inconvenience of creating an equivalent.

Respondents are clearly wrong, however, in suggesting that a party's reasonable expectations, and thus its property interest, in the confidentiality of its work product are defeated if some court, somewhere, has previously directed that a similar database be made available to a litigation opponent. The rights to property and to due process in this country are not so fragile as to be upset by the erroneous actions of one or even a handful of courts, where a party is otherwise reasonable in its reliance on an established legal rule. *See Perry v. Sindermann*, 408 U.S. 593, 601 (1972) (property interest exists for due process purposes "if there are such rules or mutually explicit understandings that support [a] claim of entitlement to the benefit"). Even more clearly, respondents are wrong in the assertion that "[c]ourts have historically found that the type of information ordered produced in this case is discoverable." Opp. at 10. The two cases principally relied on by respondents offer no support for that view.

Respondents' artful characterization of *United States v. American Tel. and Tel. Co.*, 642 F.2d 1285 (D.C. Cir. 1980), Opp. at 10, omits the central fact that the decision reversed a district court order requiring disclosure of a database quite different than the ones at issue here, after rejecting all of that court's reasons for finding the work product protection inapplicable. In remanding for further proceedings with regard to the discoverability of the database — which contained information *not*, as here, from the creator's own documents, but

from those of its adversary[1] — the court came very close to determining with finality that the work product protection barred any disclosure. The court noted that the issue appeared to be resolved by the collateral estoppel effect of another court's decision, but left the final determination of that issue for decision by the trial court. 642 F.2d at 1301-02. Ignoring all of this, respondent focuses only on the court's non-committal comment, in closing, that "it is of course open to the district court to consider the substantial need argument [which had not previously been considered by the district court] if AT&T raises such allegation, and if the district court finds that allegation to be raised in timely fashion." *Id.* at 1302.

The other case principally relied upon by respondents, *United States v. International Business Machines*, 58 F.R.D. 556 (S.D.N.Y. 1973), imposed a sanction for destruction of a computerized database, but left wholly unresolved the question whether the database would have been protected against discovery by the work product rule.[2] Here, too, the database had been prepared by a party based upon documents received in discovery from a litigation adversary, not from its own documents, and the creator of the database had ceased to be a party to the proceeding. Thus, as in *AT&T*, the case in no way required a party to share its own litigation tools with an adversary. Nor did it hint that the work product protection could ever be overcome on the basis that it would be easier for one party to rely on the work of his adversary.

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[1] The Justice Department, in its long-running action against AT&T, sought the benefit of a database prepared in other litigation by a private plaintiff, MCI, based on documents it had received in discovery from AT&T. 642 F.2d at 1289. There was thus no issue of one party securing the litigation tools of an adversary for use against it.

[2] The court stated that "the order which was violated was a preservation order and not a production order. . . . IBM will be given ample opportunity to argue that any or all of these materials are privileged and need not be produced to the Government." 58 F.R.D. at 559.

That point is not advanced either by respondents' contesting of a non-issue before this Court — whether the databases constitute opinion work product. Opp. at 11-12. Petitioners' submission to this Court is that under the rule applicable to ordinary work product, there is no basis on which to compel disclosure or even to engage in a balancing of the hardships of the parties, simply to save one party the cost and effort of doing its own trial preparation. The fact that the decision below allows redaction of certain subjective information does not ameliorate its violation of the ordinary work product rule as it has long been understood, and as it clearly applies to the remaining portions of the databases.[3]

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[3] Three of the cases cited by respondents in connection with their argument concerning opinion work product do not involve any sort of database. *In re San Juan Dupont Plaza Hotel Fire Litig.*, 859 F.2d 1007, 1015 (1st Cir. 1988) (requiring disclosure of list of documents to be used at deposition pursuant to court's case management powers, where their identity will inevitably be disclosed five days later at the deposition); *In re Shell Oil Refinery*, 125 F.R.D. 132 (E.D. La. 1989) (denying protective order concerning the identity of particular documents selected by a party for copying, on ground that there is no justifiable expectation of confidentiality); *In re Grand Jury Subpoenas*, 959 F.2d 1158, 1167 (2d Cir. 1992) (no opinion work product protection against disclosure of documents, because the large volume involved minimized disclosure of attorney thought processes).

Respondents cite only one very recent case — an unpublished opinion of a state trial judge — where a party was required to disclose to a litigation adversary a database similar to that at issue here. *Scovish v. Upjohn Co.*, No. 526520, 1995 Conn. Super. LEXIS 3288 (Conn. Super. Nov. 22, 1995). This single decision is hardly authority for Respondents' claim that there is "a long history of cases allowing discovery of similar information." Opp. at 9.

As suggested by the discussion of *AT&T* and *IBM*, above, even in the very different circumstance where a party's work product is created not from its own files, but from materials disclosed in discovery from other parties, compulsory disclosure is all but unheard of absent a justification going beyond issues of cost and convenience. The only case known to

Respondents are perhaps farthest off-base when they suggest that the issues presented here are of only "scholarly" or "episodic" interest, and on that ground inappropriate for consideration by this Court. Opp. at 7. One does not require a boatload of appellate decisions on point to appreciate the profound importance of the questions presented here. As we progress into the information age, more and more litigation concerns document- and data-intensive subject matter that cries out for computer-assisted litigation support methods. This decision sends out an unfortunate signal that such work, if potentially useful to an adversary and costly for the adversary to duplicate, becomes a common good to be shared with one's adversary. It thus creates an incentive to refrain from engaging in this work — to "discourage trial preparation and vigorous advocacy," *AT&T*, 642 F.2d at 1300 — the obvious and intolerable consequence that the work product rule was intended to prevent. The greater the information management problem in a species of litigation and the greater the need for the work to be done, so that a party may organize and retrieve its documents more efficiently, the more urgent it becomes to maintain the integrity of the work product rule. The message of this decision, involving very expensive databases referencing many millions of documents in litigation being replicated in federal and state courts across the country, is thus unmistakable and highly disruptive.

Nor is it at all surprising or significant that there are few appellate decisions — indeed few published decisions of any sort

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petitioners where such disclosure was actually ordered involved a manual index of investigative documents prepared by the FDIC, where the requesting parties were defendants in a quasi-criminal FDIC enforcement action against officials of a failed bank. *Washington Bancorporation v. Said*, 145 F.R.D. 274 (D.D.C. 1992); *see Washington Bancorporation v. Said*, 812 F.Supp. 1256, 1260 (D.D.C. 1993) (suit alleged, *inter alia*, breach of fiduciary duty and gross negligence). Some explanation for the court's unusual decision in this instance can perhaps be found in its ultimate disposition of the case in favor of defendants and awarding sanctions against the government. *Id.* at 1275.

— that address the issues raised by this petition. As a general rule, discovery issues are not subject to direct appeal, and thus must proceed to review, if at all, by extraordinary writ. Only in exceptional circumstances — such as those present here — relating to the clarity of the legal error, the size of the investment made in reliance on the rule, and the momentous character of the underlying litigation, can it be expected that such a matter will be considered on the merits at the appellate level. With an investment of many millions of dollars, which was made so that petitioners could effectively defend themselves in nationwide litigation that challenges their very existence, there can be no doubt that this case involves property of great value and constitutional issues of momentous potential consequence.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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